



## INTERNATIONAL NEWS



Albert Reynolds: power struggle

## Second minister sacked after challenging Haughey

By Tim Coone in Dublin

A SECOND senior Irish cabinet minister yesterday joined the challenge to the leadership of Mr Charles Haughey, and was promptly sacked by the prime minister.

Mr Padraig Flynn, environment minister, yesterday added his voice to that of Mr Albert Reynolds, the finance minister, who was sacked on Thursday night after calling for Mr Haughey's removal. Ms Marie Geoghegan Quinn, minister of state for European affairs, also said she would support today's no-confidence vote.

The motion to oust Mr Haughey, tabled by backbenchers of his Fianna Fail party, will be voted on at a special meeting of the parliamentary grouping of the party.

Mr Reynolds, 56, a former ballroom impresario, said yesterday he would seek the leadership if Mr Haughey, Fianna Fail leader for 12 years, is defeated.

Mr Flynn said a leadership change was necessary "to re-establish morale and achieve the massive reorganisation vital for the future of Fianna Fail".

Mr Haughey attacked his opponents yesterday, saying: "It is part of a well-orchestrated campaign to bring my leadership to an end... and to install Albert Reynolds as Taoiseach (prime minister). I have said I will know when it is time to go and hand over to someone else, and I will do that. The vote tomorrow will not change that commitment."

Mr Reynolds however, after clearing his desk at the Finance Ministry yesterday, said that if Mr Haughey survived today's vote, he would carry on as leader until the next general election, due in 2½ years. It has been Mr Haughey's ambiguity over whether he plans to step down before spring, or carry on indefinitely, that has triggered the backbench rebellion and cabinet defections.

A recent series of financial scandals in two state companies has shaken confidence in the coalition government. Mr Haughey's handling of the crisis, and his close association with several of the figures named in the controversies and pressed by him to resign, has provoked dismay and confusion among Fianna Fail members, many of whom now view him as an electoral liability.

Mr Des O'Malley, industry minister and leader of the Progressive Democrats, the junior partners in the coalition, said his party would "review the situation" after today's vote. There has been strong grassroots pressure in his party to pull out of the coalition because of the controversies. The alliance was shown up last month with a new programme for government negotiated between Mr O'Malley and Mr Reynolds.

If Mr Haughey survives, doubts will remain whether the coalition can continue much longer.

## German states want regional voice in EC

By Quentin Peel in Bonn and Alison Smith in London

THE 16 German Länder (states) yesterday threatened to reject the future European Community treaties on political union and monetary union, if the twin principles of federalism and "subsidiarity" are not enshrined in them.

The move, approved in a unanimous vote in the Bundesrat, the German upper house, comes ahead of tomorrow's crucial talks between German Chancellor Helmut Kohl and Mr John Major, the British prime minister, to try to resolve their differences over the treaty negotiations.

The principle of subsidiarity is a peculiarly German concept, requiring the maximum devolution of power from a central authority. It means the central power (in this case the EC) should only take on new functions where the task cannot be accomplished at a lower level.

Both UK and German officials welcomed the vote as backing for their own views in the debate over how much power should be transferred from national jurisdiction to the EC in Brussels.

The stress on "federalism" suits Mr Kohl, while the word at least is anathema to the British government. On the other hand, the concept of "subsidiarity" accords with the British desire not to transfer any more power to Brussels than is absolutely necessary.

In his meeting with Mr Kohl, Mr Major will reinforce the UK's objections to signing any

treaty with a reference to a European "federal" at next month's EC summit in Maastricht.

However, the Bundesrat vote means another potential stumbling block on the path to eventual agreement. Approval by the Bundesrat is essential to ratification of the new EC treaties in Germany, along with approval in the Bundestag, the directly-elected lower house of parliament.

The Länder are also demanding the establishment of a "regional committee" in the EC institutions, to represent their interests, as opposed to those of the national governments.

Tomorrow's talks between the two conservative leaders are seen as critical to the success of the last month of negotiations before Maastricht, as Britain and Germany represent opposite poles on most of the remaining contentious issues of political union.

The aim is for both men, building on their good personal relations, to use the session as a private "brainstorming" to identify those areas where they can still compromise, in order to get an agreement in Maastricht.

Though the rhetoric of the British and German governments has been markedly different in tone recently, Downing Street made it clear that the government did not believe the prospects for striking a deal at the EC summit had grown more difficult over the past couple of weeks.

## Cresson hits out at Renault managers

By William Dawkins in Paris

THE management of Renault was criticised implicitly yesterday by Mrs Edith Cresson, the French prime minister, over the three-week strike which has just ended at its main engine and gearbox plant.

Mrs Cresson said the strike - which crippled the group's French and Belgian car assembly - underlined the need for changes in the management culture of state-owned companies. "It is necessary to bring together the rank and file with the management. Conflicts of this type should not exist and I will take steps so that they do not exist in the future," she said.

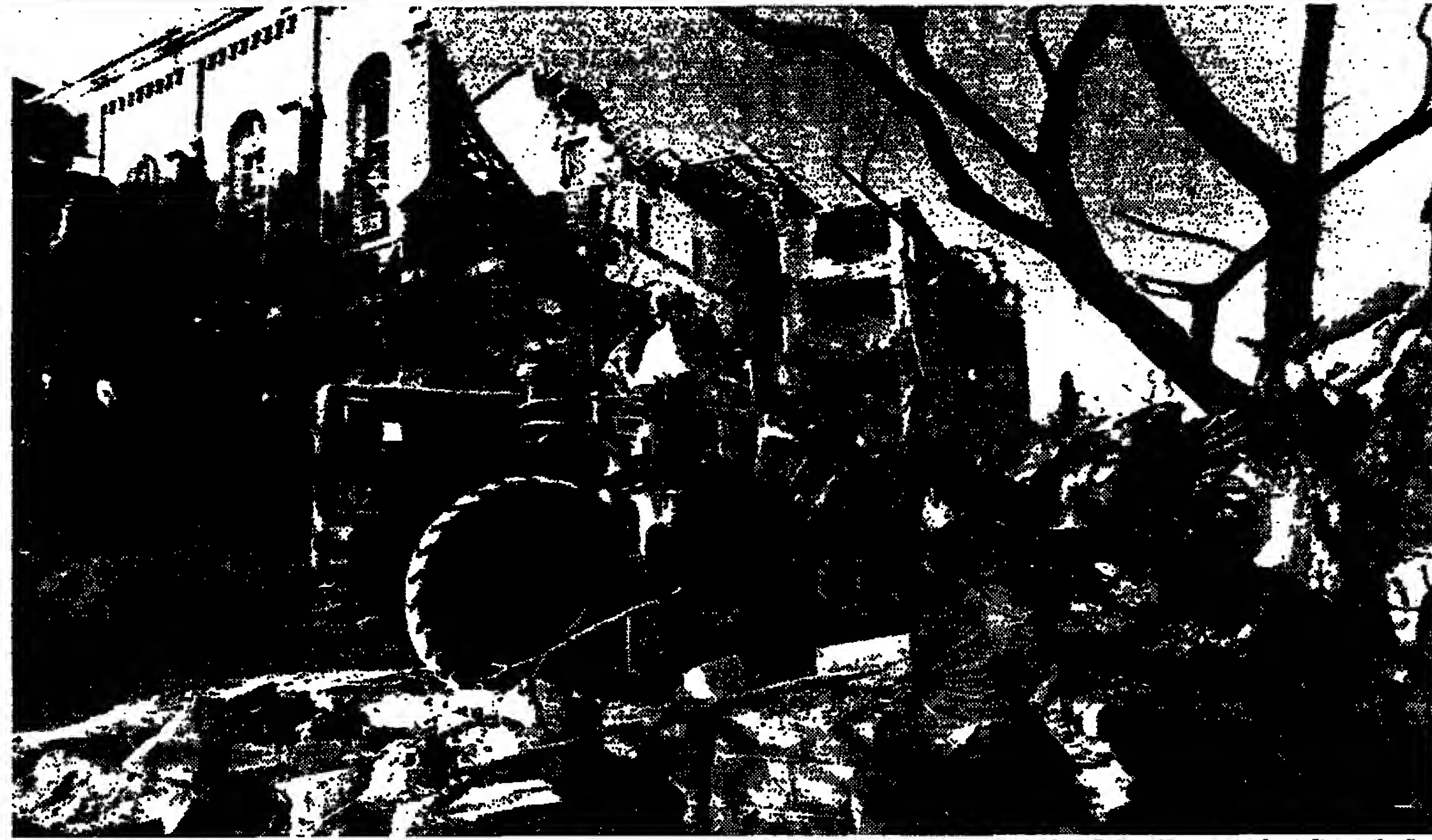
She called for more staff participation and management dialogue, "comparable to what goes on at our main competitors". Mrs Cresson's remarks will increase tensions with the management of state companies, coming after she criticised some of them for being too quick to cut jobs.

Renault's plant at Cléon, west of Paris, returned to full production yesterday, after the communist-led CGT, which called the strike, asked employees to return to work the previous evening.

A small majority of those taking part in a vote the previous day wanted to continue the stoppage, but the CGT overruled the vote on the grounds that it represented a minority of Cléon's 6,600 employees, most of whom did not vote.

Meanwhile, Renault management and unions began a second day of negotiations in a related pay dispute which broke out at the group's axle plant in Le Mans.

Renault officials said output of the Cléon, the group's new hatchback, was proceeding at near normal at Flins, south of Paris, as was work at the Sandviller factory on the north-west coast, where the Renault 21 and 25 medium and large saloons are made.



A powerful bomb wrecked the administration building of the American University of Beirut early yesterday, AP reports from Beirut. No one was hurt. It was the first serious physical damage suffered by the university, the most prestigious in the Middle East. The university and an affiliated hospital remained open through Lebanon's 15-year civil war, although one school president was assassinated and another kidnapped, along with many teachers, administrators and students.

The bomb toppled the main tower of the building (pictured above) at the school, which was founded by an American missionary 125 years ago. No one immediately claimed responsibility. Iranian-backed fundamentalist factions have threatened attacks on American targets in protest at the US-sponsored Middle East peace talks that opened in Madrid last month. A police spokesman said the explosion destroyed about half of the administration building, but no one was inside.

Generations of Arab leaders have been educated at the campus, which houses 80 red-roofed stone buildings near commercial districts in West Beirut. The university has produced at least three presidents, 10 prime ministers, more than 100 cabinet ministers and ambassadors - and several guerrilla leaders.

## Bush and Delors try to end farm trade impasse

By William Duffell in Geneva

THE SUCCESS of five years of talks on the liberalisation of world trade hinges on a breakthrough on farm reform at today's meeting in the Hague between US President George Bush, EC Commission President Jacques Delors and Mr Ruud Lubbers, the Dutch prime minister and current EC president, trade diplomats said yesterday.

During a long meeting in Brussels on Thursday Mr Ray MacSharry, EC farm commissioner, and Mr Edward Madigan, US agriculture secretary, failed to resolve completely the EC-US dispute over farm subsidies that has dogged the trade talks, according to senior negotiators. Crucial decisions would have to be taken at today's top-level meeting.

Without an EC-US understanding on farm reform, the hopes of completing the Uruguay Round trade talks by the end of the year which were voiced by Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT) on Thursday, are likely to evaporate.

Mr Dunkel's plan for non-stop negotiations in Geneva from Monday to prepare final texts of agreements in all seven sectors under discussion in the Round was "good as far it goes but is not enough", according to Mr Tran Van Thinh, the head of the Community delegation to GATT.

Mr Dunkel was "powerless to overcome suspicion" among the more than 100 countries participating in the talks. Unless and until the agricultural issue was unlocked, there would be no progress in other areas. Only the US and the EC could break the deadlock. There was every reason to look forward to a successful conclusion of the Round, if the two principal contenders assumed their joint responsibility and co-leadership in the field of trade policy, Mr Tran said.

Without it, the Round would be lost. Further progress in the Round could also be brought to a halt without a clear transatlantic understanding on the shape of a deal in services, according to Mr Tran.

Mr Dunkel hinted on Thursday that US concessions on services were required. These concern in particular Washington's insistence that telecommunications and shipping be exempted from GATT's most-favoured-nation (MFN) rule, which stipulates that trade benefits granted to one country must be available to all GATT members.

Hectic preparations have been made in the last two days for the Bush-Delors-Lubbers meeting. In addition to the farm talks between Mr MacSharry and Mr Madigan, Mrs Carla Hills, the US trade representative, discussed problems in several other key areas with Mr Frans Andriessen, EC trade commissioner, and Mrs Yvonne van Rooy, Dutch trade minister, in the Hague on Thursday.

Yesterday morning she joined President Bush in Rome, where he has been attending the Nato summit, and was due to return with him to the Hague.

South Africa has obtained large quantities of arms from the US, Britain, France, Germany and Japan, in defiance of a United Nations embargo, a newspaper alleged yesterday, Reuters reports from Johannesburg.

The Weekly Mail said it had obtained official documents which showed that companies in Switzerland, Italy, Austria, the Netherlands, Australia, Spain and Brazil participated in large-scale covert arms sales to South Africa.

Polish President Lech Walesa will ask Mr Bronislaw Geremek, a former Solidarity adviser and a leader of the Democratic Union (UD) party, to form a government, presidential spokesman Andrzej Drydzinski said yesterday, Reuters reports from Warsaw.

Mexico's monthly inflation rate rose for the second successive month in October, to reach 1.2 per cent, bringing cumulative inflation to 13.3 per cent in the first 10 months, Damian Fraser reports from Mexico City.

Out-of-date D-Mark rates were recorded in the Financial Times of November 8, when in fact they had not been communicated to the OECD.

Other EC countries are expected to be little affected by the loss of trade with Yugoslavia. Additional reporting from: David Corbridge in Brussels, Kerrie Howe in Athens and

## Miyazawa hint of softer line on rice imports ban

By Stefan Wagstyl in Tokyo

MR KIICHI Miyazawa, the Japanese prime minister, yesterday hinted in a key policy speech that Japan might ease its long-standing ban on rice imports.

Speaking before the Diet (parliament) for the first time since becoming prime minister this week, Mr Miyazawa said he would "make the utmost efforts for a solution" at stalled efforts for a solution at stalled international farm trade talks "based upon mutual co-operation under our [Japan's] basic rice policy".

His remarks come at a crucial stage in talks on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), in which agricultural trade restrictions imposed by Japan, the US and the European Community are a big stumbling block to further trade liberalisation.

Mr Miyazawa followed predecessors in asserting the importance of Japan's basic rice policy - the principle that the country should be self-sufficient in rice production. But he made no explicit reference to past Diet resolutions in which MPs have voted to ban rice imports, an omission some analysts thought significant.

Whether the form of words will be followed by a policy change remains to be seen. However, MPs in the ruling Liberal Democratic party have pointed out that Mr Miyazawa's cabinet contains members with long experience of rice issues and the political clout to amend policy - if they decide it is necessary. Chief among them is Mr Tsutomu Hata, finance minister and former agriculture minister.

Mr Miyazawa said Japan was resolved to work to bring the Uruguay Round to a successful conclusion this year. In other parts of his speech, delivered on the Diet's opening day, Mr Miyazawa mostly trod on familiar ground. He pledged to work for the early passage of bills which would allow Japanese troops to join United Nations peace-keeping forces

and to aid in overseas natural disasters. This would break a postwar ban on the despatch of troops on active service abroad. The bills, which have been extensively debated already, are expected to be passed before the end of the year.

Mr Miyazawa also pledged reforms to clean up political financing and to raise the real standard of living by improving health care, housing and leisure facilities to a level matching national income.

Greece, which receives 5 per cent of its energy supplies from Yugoslavia and sends 20 per cent of its exports through Yugoslavia, was yesterday told it would be compensated.

Other EC countries are expected to be little affected by the loss of trade with Yugoslavia. Additional reporting from: David Corbridge in Brussels, Kerrie Howe in Athens and

Yugoslavia's economy 'faces collapse by Christmas'

Judy Dempsey assesses the likely impact of sanctions

THE Yugoslav economy will rapidly collapse if trade sanctions imposed by the European Community yesterday are followed by a UN-imposed oil embargo, say Austrian economists and western bankers.

"I have no doubt that the Yugoslav economy, which in any case is already rapidly deteriorating, will collapse very soon, maybe before Christmas if the oil embargo is imposed," said Mr Jan Stanekovsky, an east European specialist at Austria's Institute for Economic Forecasting.

Key areas of the Yugoslav economy likely to be hit by sanctions include:

● **EC finance.** A second financial protocol, worth Ecu750m (\$513m) and spread over five years beginning last June, will be suspended, along with Ecu77m earmarked for transferring loans into internal subsidies.

The sanctions will affect an Ecu61m grant from the Phare programme, the EC's special assistance to eastern European enterprise, is expected to lose \$30m this year, after breaking its ties with Zastava, the Serbian-based car company, and with Elektro Industrija, the electrical engineering group in Nis, southern Serbia.

In addition, Mr Stjepan Zunic, Croatia's minister of the economy, recently said the cost of the war in Croatia alone - taking into account losses in industrial production, maintaining the military machine, paying the unemployed, and looking after the influx of refugees - was the equivalent of one year's GDP or \$1.5bn. Western bankers believe the war is costing Serbia about \$500m a day.

● **Transport.** The war in Croatia has already disrupted the entire transport system. "Sanctions will mean that enterprises will not be able to import spare parts, food and raw materials," said Ms Hermine Vidovic, an expert on the Yugoslav economy at the Vienna Institute for Forecasting.

● **Trade.** Since the Soviet

eastern Europe agreed last January to switch to the dollar clearing system, Yugoslavia's trade with OECD countries increased from 28 per cent in 1989, to 58.4 per cent over the first half of this year, while trade with the Soviet Union, which was Yugoslavia's largest trading partner until 1990, has fallen from 30 per cent to 18 per cent.

An indication of how EC sanctions would paralyse the economy is already borne out by the effect of the war in Croatia. For example, Yugoslav imports from EC countries totalled Ecu5.5bn (\$10.6bn) in 1990, and exports over the same period totalled Ecu7.7bn. Over the first six months of 1991, Yugoslav imports from the EC fell sharply to \$300m. Main imports include cars, white goods, chemicals, manufactured commodities and consumer goods.

● **Unemployment.** More than 1.2m people, or 11 per cent of the labour force, were unemployed in 1989. This figure has

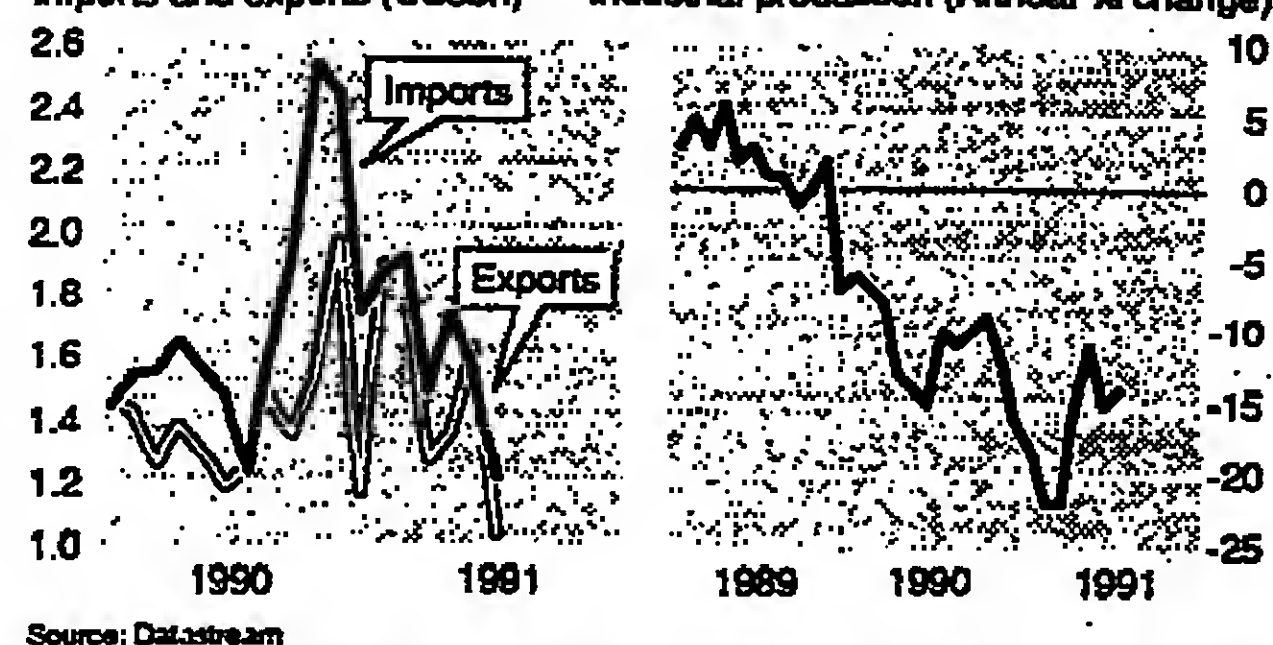
months, while 1.5m more are receiving half the minimum guaranteed wage, according to Tanjug, the Belgrade news agency.

● **Energy.** In 1989, Yugoslavia imported 11.7m tons of oil. Of that amount, 5.7m tons was imported from the Soviet Union, 2.9m tons from Iraq, 2.4m from Libya, and less than 1m tons from Iran. The Gulf war in August 1990 left Yugoslavia with a shortfall which could not be met by local production, which totals only 3.4m tons. Moreover, Croatia, which supplies 2.3m tons of that amount, cut off all supplies to Serbia in late August. This has led to chronic shortages of petrol in Serbia.

Serbian officials have recently tried to secure its own supplies by approaching the state-owned Hungarian oil and gas company to ship supplies down the river Danube to the oil refinery in Serbia. However, it is understood that the Hungarian government would agree to any sanctions imposed by the EC and the United

## Yugoslavia

Imports and exports (US\$bn) Industrial production (Annual % change)



Source: Datastream

"The energy sector is the real weak point of the economy," explains Ms Vidovic. "An oil embargo would eventually starve the federal army of vital supplies."

Western diplomats believe the Soviet Union will support the embargo, despite the loss of valuable hard currency earnings from Yugoslavia. But diplomats also said the Soviet Union would probably seek

## Poll shows Israeli immigrants unhappy

ALMOST 80 per cent of Soviet Jewish immigrants who have poured into Israel over the past two years want to move on to another country and more than half are advising relatives still in the Soviet Union to delay leaving for the Jewish state, according to an opinion poll, Hugh Carnegie writes from Jerusalem.

The survey, taken among the 350,000-strong new Soviet immigrant community and published in Israeli newspapers yesterday, found that 71 per cent of immigrants were content to stay, but the rest wanted to move within five years, most to western Europe and the US, but some back to the Soviet Union.

The survey reflected the strain immigration has placed on the economy. Employment has been found for 53,000 Soviet newcomers, but 33,000 more are unemployed.

## Siemens wins E Europe deals

Siemens, the German electrical group, has won contracts worth an estimated DM300m (\$69m) to equip Czechoslovakia, Poland and Hungary with its EWSD digital public telephone switching system, Christopher Parkes reports from Bonn. The orders, including the installation of 620,000 lines during 1992, will give Siemens a lead in the race to equip new democracies in eastern Europe with communications, the company said.

## Barbados PM to stay on

Mr Erskine Sandiford, the prime minister of Barbados, has rejected calls from the business community, trade unions and opposition parties, that he resign in favour of his handling of the economy, Canute James reports from Kingston.

Mr Sandiford said his resignation would not be a "reasoned" approach to dealing with the economic problems facing the Caribbean island.

## 'S Africa beats arms embargo'

South Africa has obtained large quantities of arms from the US, Britain, France, Germany and Japan, in defiance of a United Nations embargo, a newspaper alleged yesterday, Reuters reports from Johannesburg.

The Weekly Mail said it had obtained official documents which showed that companies in Switzerland, Italy, Austria, the Netherlands, Australia, Spain and Brazil participated in large-scale covert arms sales to South Africa.

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## INTERNATIONAL NEWS

## South Korea forswears use of nuclear weapons

By John Ridding in Seoul

SOUTH Korea's President Roh Tae Woo yesterday said his country would not make, use or store nuclear weapons, and called on North Korea to adopt a similar policy.

Mr Roh's televised speech comes at a time of international concern about the development of a North Korean nuclear capability. It will add to pressures on Pyongyang to allow international inspection of its nuclear facilities.

Yesterday's announcement also suggests that US nuclear warheads have been or soon will be withdrawn from South Korea, in line with Washington's policy of eliminating tactical nuclear weapons.

US officials in Seoul welcomed the announcement but declined to comment on the presence of US nuclear arms on the Korean peninsula. Earlier this week, a senior US official emphasised that South Korea would continue to be protected by the US nuclear umbrella of air and sea-based strategic weapons systems.

North Korea has resisted inspection of its nuclear facilities, although it has signed the international nuclear non-proliferation treaty. It has demanded that US nuclear

weapons be withdrawn from South Korea as a condition for inspection.

Western intelligence officials estimate that North Korea will be capable of developing a nuclear weapon by the middle of the decade. They believe Pyongyang is building facilities for enriching and processing nuclear fuel at Yongbyon, north of Pyongyang, to be completed by 1993.

"Nuclear weapons in North Korean hands would be so dangerous and destabilising that they would not only threaten the very survival of our nation but could in an instant shatter the peace in north-east Asia and the world," Mr Roh said.

The highly militarised border which separates North and South Korea has remained one of Asia's most sensitive security areas since the end of the Korean war in 1953. The US has about 40,000 troops in South Korea.

In his speech yesterday, Mr Roh also said South Korea would not develop or store chemical or biological weapons. A South Korean defence white paper, published last month, said North Korea had stockpiles of both types of weapon.

## Magic Johnson changes the face of Aids

Patrick Harverson and Karen Zagor on the fate of the US basketball hero

PUBLIC awareness in the US about the threat of Aids has taken a giant leap forward with the news that Earvin "Magic" Johnson, the hugely popular basketball star for the Los Angeles Lakers, has been infected by the virus that causes the deadly disease.

The announcement on Thursday night that the 32-year-old Johnson was retiring from professional basketball because he is HIV-positive has left the nation in a state of shock. As the most famous, and most admired, sports star of his generation, Johnson's condition is expected to change the attitudes of ordinary Americans to Aids.

The news is receiving enormous media exposure in the US. National and local television networks interrupted scheduled programmes on Thursday to transmit live the press conference the player held in California to announce he had the virus.

Yesterday morning the story was splashed across the front page of every big US newspaper, and radio talk shows across the country opened their telephone lines to discuss the news.

It even brought comment from President George Bush in Rome for the Nato summit. Mr Bush said Johnson's diagnosis was a "tragedy... but I think

he's a gentleman who handled his problem in a wonderful way."

Johnson has already said he will campaign publicly to improve understanding about the threat of Aids.

"I will now become a spokesman for the HIV virus, because I want young people to realise they can practise safe sex... It can happen to anybody, even me, Magic Johnson," said the star.

Although it is not known yet how he contracted the virus, it is widely believed that Johnson was infected from unprotected heterosexual sex. If this is the case, Aids activists in the US hope that the message about using condoms as protection against the disease will get through more clearly to young American men, who until now have shown a worrying reluctance to take Aids seriously.

Mr David Eng, a spokesperson for the Gay Men's Health Crisis in New York, said yesterday: "It will increase awareness tremendously about Aids, in fact it already has. Most importantly, it is going to really affect the people who look up to him as a role model - the teens and adolescents - who are the next group most at risk from Aids."

The Johnson story even had an impact on Wall Street. Shares in Carter-Wallace, the biggest condom manufacturer

in the US, rose \$6 to \$110.4 on hopes that condom sales will be boosted by an increased emphasis on safe sex.

It was not clear yesterday how Johnson's condition would affect his vast array of marketing contracts. Since he became a sports superstar in the early 1980s, Johnson is estimated to have earned between \$9m and \$12m (\$5.9m) a year from endorsements.

Over the years he has sold a wide range of products, from Pepsi soft drinks to Converse athletic shoes.

The initial response from his advertisers was mostly supportive, although no decisions had been made whether to continue using Johnson. The advertisers face a difficult decision. If they drop the basketball star from their commercials they risk heavy criticism from Aids activists and his many fans, but if they continue to use him advertisers face upsetting more conservative consumers.

Mr Bill Katz, executive vice president at BBDO, a leading New York advertising agency said yesterday: "I think the sponsors will do whatever Magic wants."

Johnson, nicknamed "Magic" because of his exceptional athletic ability, played for the Los Angeles Lakers for 12 years, leading them to five championship titles.



Magic Johnson: 'a spokesman for the HIV virus'

## Food delay for flood survivors

EMERGENCY supplies were flown in yesterday to the devastated central Philippines where at least 5,000 people are presumed killed by floods, but a lack of manpower held up delivery of food to survivors. Reuter reports from Ormoc, the Philippines.

The stench of death pervaded the city. Dozens of bloated, decomposing bodies still floated offshore. Others remained on the streets in the tropical sun among twisted cables and downed trees.

Across the central Philippines, at least 120,000 people were left homeless after Tuesday's devastating floods, sparked by tropical storm Thelma.

The storm unleashed a deadly torrent of water and mud that swept people, cars and homes into the sea in the worst disaster to hit the country in 15 years. Environmentalists said rapid deforestation, combined with freak weather, might have been responsible for the huge loss of life.

Mr Leopoldo Petilla, Leyte island governor, said: "This is a man-made disaster. I have been asking the government to impose a total log ban in the province, but they would not listen to me... We have to suffer for their indecision."

## French N-research to shed 4,000 jobs

By William Dawkins in Paris

FRANCE'S nuclear weapons research unit is to shed 400 jobs over the next 18 months, the latest result of government curbs on the formerly sacrosanct defence budget.

The cuts represent a slight acceleration in job losses over the past six years at the military applications division of the atomic energy commission (CEA), and officials warn that further reductions cannot be ruled out. The CEA's military applications division employs 6,500 people, 1,000 fewer than in 1985, spread over six sites.

France plans to wait until the Soviet Union and the US have reduced the huge gap between their nuclear arsenals and its own before considering whether to follow their sweeping nuclear arms reductions. Nevertheless, it is seeking economies, said CEA officials. The cuts will be concentrated in administration and production, rather than research.

This comes only four months after the government announced the cancellation of

a FF30bn (£3bn) mobile nuclear missile project, for which the CEA would have provided the warheads.

The CEA's military division has government contracts to keep it going for three years until it completes the delivery for the weapons system for a new generation of submarines, but it has seen its order book fall by at least 20 per cent since 1988, said officials. Accordingly, the government has reduced the division's FF10bn budget by 7 per cent next year.

Separately, CEA-Industrie, the CEA's industrial activities arm, yesterday reported a record FF650m loss in the first half of the year, mainly due to a FF1bn deficit at Eurodif, its nuclear fuel enrichment offshoot. This reflected a decline in orders from Electricité de France, the electricity board.

However, the resolution of a dispute with Iran over compensation for cancelled uranium deliveries should return CEA-Industrie to profit for the year, officials said.

## Vietnamese repatriation resumes

By Angus Foster in Hong Kong

FIFTY-NINE Vietnamese boat people were yesterday moved from their camp on a remote island in Hong Kong to Kai Tak airport, in preparation for their forced return to Vietnam today.

The group, including 15 women and 23 children, made the trip by Royal Navy ferry. As they boarded the vessel, several Vietnamese were crying and seemed reluctant to go.

One woman sat down weeping before being lifted up and shepherded on to the ferry by two Correctional Services officers wearing tracksuits. Several men hesitated before being persuaded to go on. Security was extremely tight but there was no violence and officers used pressure rather than force.

The boat people will stay in an airport warehouse overnight before flying back to Hanoi, the Vietnamese capital, early this morning. The group is made up of 38 "double backers", people who have returned to Hong Kong after earlier going back voluntarily to Vietnam, and their 21 family members.

Yesterday's operation was in marked contrast to the last forced repatriation in December 1989, when armed police loaded 51 boat people on an aircraft under cover of darkness. International criticism of that operation was so fierce that Hong Kong called off further forced returns.

The government is concerned that the present repatriation is seen not to involve force.

But heightened tension among Hong Kong's more than 63,000 Vietnamese yesterday led to more mass protests at Whitehead, the largest camp in the colony.

A group of boat people also issued a petition to the British parliament and US President George Bush. It pleaded for clemency and questioned the Vietnamese government's pledge that returnees will not be persecuted.

## Afghans firm on peace talks

AN AFGHAN guerrilla delegation due to visit the Soviet Union said yesterday that the key to peace in Afghanistan lay with Moscow.

Guerrilla leader, Burhanuddin Rabbani said: "I do believe that after the defeat of the Soviets in Afghanistan and the defeat of communism in Soviet Russia and the changes in the world, our negotiations with the Soviets will be constructive, important and effective."

But unless the Soviet Union came up with new proposals to end 13 years of war in Afghanistan, the talks would come to nothing, he told a news conference before leaving for Saudi Arabia and the Soviet Union.

He declined to say what proposals the 11-man delegation would take to Moscow or whether they would have a list of Soviet prisoners still held by the mujahideen guerrillas more than two years after the last Soviet troops left Afghanistan.

The prisoners are one of the main concerns of the Soviet government, which would like them treated as a humanitarian issue rather than as pawns in the political negotiations. Moscow believes 60 to 80 prisoners may still be alive.

In September the Soviet Union and US agreed to halt weapons supplies to the Afghans by January 1. The US says it has already stopped deliveries.

The guerrilla delegation, repeatedly delayed by wrangling among the divided mujahideen leadership over who should go and what proposals to take, will arrive in Moscow tomorrow after a two-day pilgrimage to Saudi Arabia.

They are due to have talks with Mr Boris Pankin, Soviet foreign minister and Mr Boris Yeltsin, president of the Russian Federation. No time limit has been set for the talks.

Three hardline guerrilla groups, including the powerful Hezb-i-Islami of Gulbuddin Hekmatyar, refused to join the delegation, in spite of heavy pressure from Pakistan.

# Essex Man or Essex Monster?

(By the man who created him)

Last year in The Sunday Telegraph, Simon Heffer first revealed the existence of Essex Man to an unsuspecting world. Now, with Essex Mania raging, he's gone back for another look. Find out why the boy done good - and why we should be glad he has - in this week's Sunday Telegraph. Alright?

## The Sunday Telegraph



Most Royal Mail workers reject pay offer



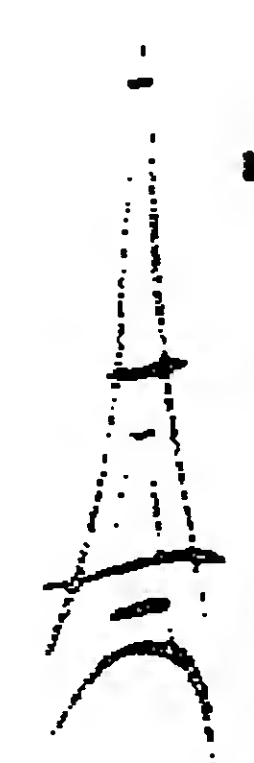
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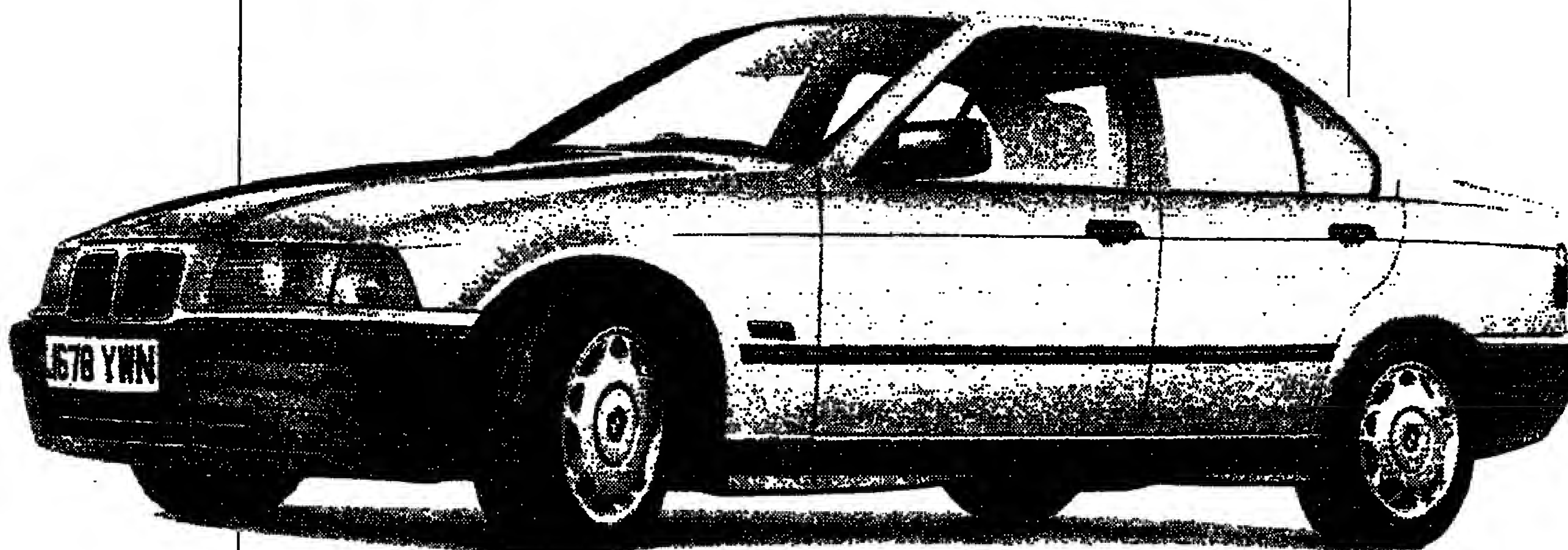
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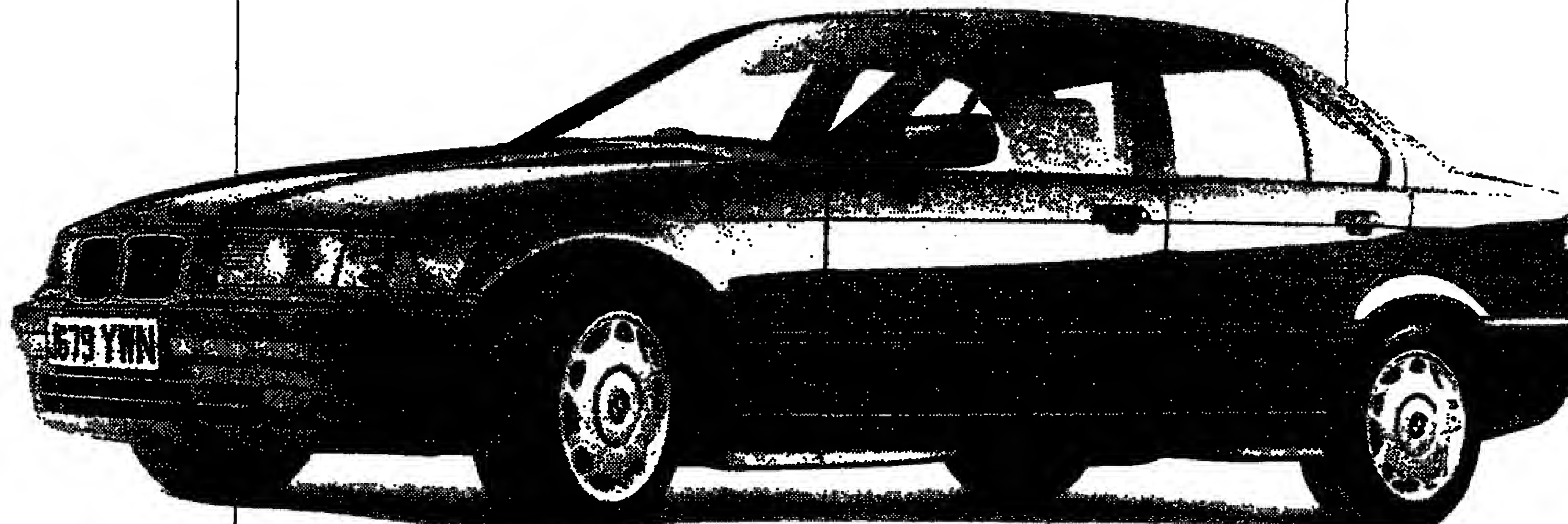
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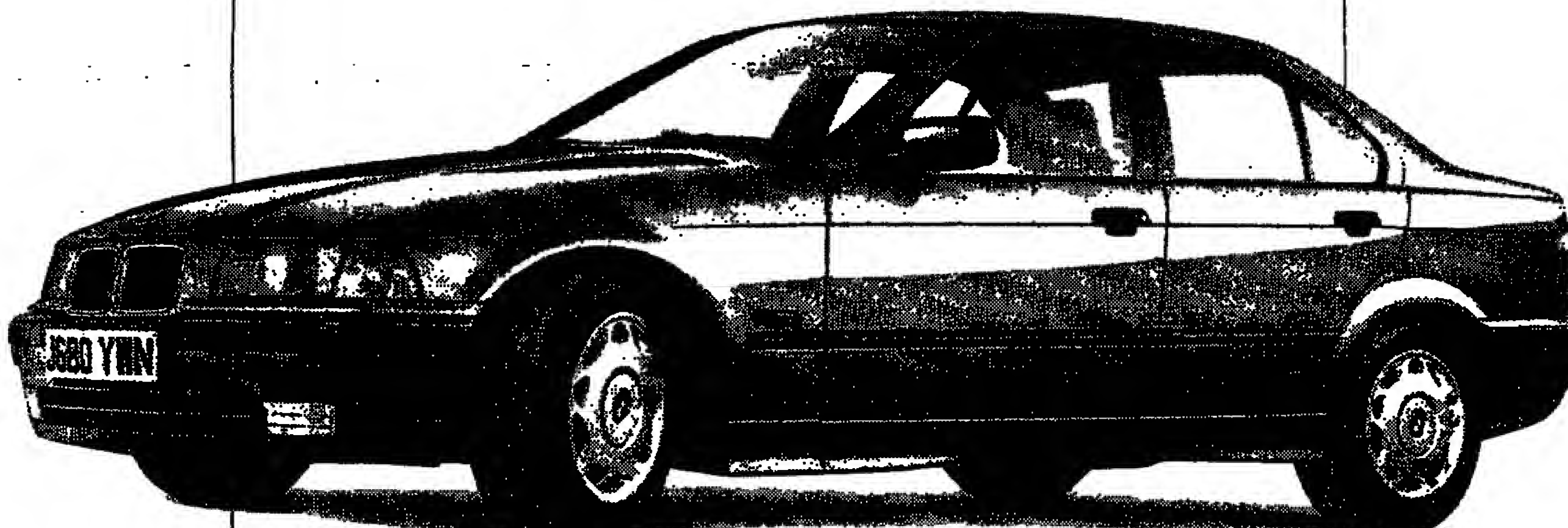
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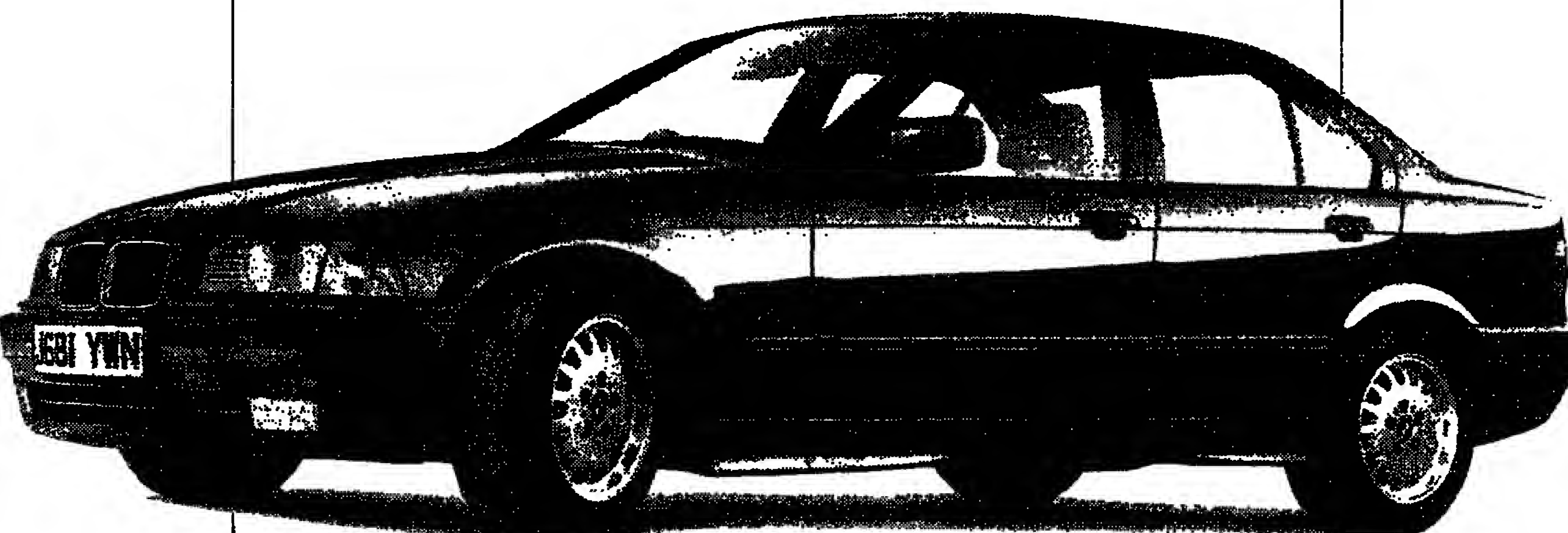
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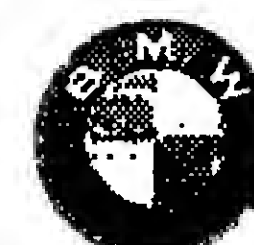
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# Major will have to dispel clouds of defeat over Tories

More generally, the government could argue yesterday that its losses were not as disastrous as previous defeats

end is widely shared by independent economists. What no-one can judge is how voters will react to a recovery which, within the timescale of the

election, looks at best steady and unspectacular.

In September, the prime minister is expected to lose consumer confidence to keep open the window of an autumn election.

Now the by-election results and the latest opinion polls suggest that the voters regret the government's muddling with the expectations. Next time they may be inclined to wait for reality before they forgive the Conservative valties for the recession.

But the government also looks certain to provide more problems before yielding any dividends. A deal at Maastricht might well in the

promise to replace the poll tax was enough to placate its victims. The voters put it at the top of their lists of concerns. There are potential pluses for the government. Even a slow economic upturn should

State of the parties, by number of seats: Conservative 367; Labour 229; Liberal Democrat 22; Others (including speaker and deputy speakers) 32. Total 650. Conservative overall majority 88 (102 at 1987 general election).

## NRA gives reasons for chief's departure

"As an immediate consequence of these events, an agreement was reached which led to the departure of Mr Bowman as chief executive," Lord Crickhowell, the NRA chairman, says in the report.

## Signals may point the wrong way

Furthermore, whatever the swing in Langbaurch, there was yesterday's Gallup poll, showing them 8 points ahead of the Conservatives - enough to win them a clear majority.

Labour must mourn at being squeezed into fourth place by the SNP in Kincardine and at suffering a reduced percentage in Hemsworth. They must also be worried that Langbaugh, which gave the Conservatives their 24th narrowest win in 1987, has failed to yield the sort of swing that the party needs for victory.

Governments fare worse in by-elections than in the subsequent general election. Over the last generation half the seats lost in by-elections have

the situation thoroughly confused. The opinion polls will

or, most probably, Langbaugh has not my expectations of a great change of a clear

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Calendar Pocket Diary	SP	11.57		10.10	9.92	10.40	
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## R-R to place engine on US jet

By Paul Betts,  
Aerospace Correspondent

ROLLS-ROYCE, the UK aero-engine company, has reached an agreement with McDonnell Douglas to provide its heavy-thrust Trent engine for development of the US aircraft maker's new long-range, 375-seat MD-12 airliner.

The UK company is the first to sign an agreement with McDonnell Douglas, but its two US competitors, General Electric and Pratt & Whitney, are also developing engines for the MD-12 three-engine aircraft.

The MD-12 is a larger version of the MD-11 which replaced the DC-10 trijet.

After failing to win sufficient orders for its Trent engine to power MD-11s, Rolls-Royce decided to cease co-operation on that aircraft and instead concentrate on the bigger MD-12. Rolls-Royce had only won Trent orders for the MD-11 from Air Europe, the UK airline which collapsed earlier this year.

Rolls-Royce is involved in a fierce battle against GE and Pratt & Whitney to place its Trent on the new generation of widebody aircraft being developed by all three airframe manufacturers including Boeing, Airbus and McDonnell Douglas.

Although Rolls-Royce has won a large share of the engine market to power the new Airbus A330 twin-engine widebody aircraft, it has suffered a series of setbacks on the new Boeing 777 big twin-engine aircraft.

This included losing to GE a \$5bn (£2.8bn) order to supply engines for British Airways's new fleet of Boeing widebodies and a Boeing 777 engine order from All Nippon Airways which went to Pratt & Whitney.

Rolls-Royce said yesterday it would provide an engine with 75,000 lbs of thrust for the MD-12.

McDonnell Douglas is still looking for risk-sharing partners to support the launch of the MD-12, whose development is expected to cost about \$4bn. The company's board granted at the end of last month its California-based Douglas Aircraft division the authority to start offering the MD-12 to airline customers.

The US company is negotiating alliances with international partners, especially in the Asia-Pacific region, to help launch the MD-12 programme next year. It confirmed this week at the Dubai air show that it was discussing large risk-sharing subcontracts on the MD-12 and substantial but minority equity investment in the company's commercial aircraft business.

McDonnell Douglas said first deliveries to airlines of the MD-12 could begin in 1997 if the \$4bn programme was launched by the middle of next year.

## Thames in drama talks with BSkyB

By Raymond Snoddy

BRITISH Sky Broadcasting is in talks with Thames Television over a multi-million pound deal to produce a five-days-a-week domestic drama for satellite.

The soap, probably to be set in London, would be produced at Thames Television's Teddington studios, the company's new headquarters following the loss of the capital's weekday television franchise at the end of next year.

The proposals for the production contract are part of a package which would include programmes from the thousands of hours in the Thames library and existing programmes.

BSkyB is particularly interested in The Bill, the twice-weekly police drama which gets audiences of between 12m and 14m.

Both ITV and the BBC are both likely to be interested in The Bill and other Thames programmes including This Is Your Life, Minder and Rumple.

The satellite company - in which Pearson, publisher of the Financial Times, has a significant stake - hopes that the offer of a package deal, including new productions, will

## Roll up for retailing's bumper addition

John Thornhill says the growing popularity of car boot sales is causing some problems

THE woman in the pink woolly hat closed in on the stall with steady purpose. "I'll offer you £2.50," she said, fingering a dark blue jumper with a £5 price tag. "£4.50," the stallholder retorted. After much haggling £2.50 was agreed.

"Well, that's a Christmas present for my Alfie. Mind you, he's lucky to get anything," the bargain-hunter said, fishing in her purse for loose change.

Such transactions are part of the growing phenomenon of car boot sales. This one took place in a windswept park in Thamesmead, east London, just downwind from the local sewage works. Some 300 vendors were selling an array of goods ranging from Teenage Mutant Hero T-shirts, dog muzzles, homemade jam tarts and shocking-pink negligees.

But some local authorities fear that the thousands of sales around the country every weekend are becoming fertile ground for crooks and commensals. The Association of London Authorities (ALA), which represents 14 London boroughs, is floating the idea that car boot sales should be licensed to pay for the costs of public safety, cleansing, trading standards and environmental health services. It suggests such a proposal should be included in the

next London Local Authorities Bill in 1992.

Mr Andrew Scott, ALA consumer services officer, says: "Car boot sales started off as events that schools and hospitals put on to sell unwanted goods for charitable purposes and that is something we want to encourage. But our concern is that more and more traders are moving in and running boot sales for their own profit."

The ALA's concerns are echoed by the Labour-controlled Association of Metropolitan Authorities which says it receives complaints about disruptive car boot sales from councils across the country.

The critics say that dangerous goods - especially electrical appliances - are often sold and buyers have no redress if they buy sub-standard merchandise.

"A lot of traders are selling counterfeit and dangerous goods. One trader was selling a silver-plating solution containing silver cyanide. He was buying it in industrial bulk containers and putting it into little bottles to sell to the public without any warning about its dangers," says Mr Scott.

Mr Keith Batchelor, county trading standards officer for Staffordshire, points to a notorious recent example in his area where Customs and Excise officials unearthed a serious whisky fraud. Com-

plaints about whiskies on sale at local car boot sales led to them uncovering an illegal distillery which was selling bottles under the Balmoral label.

"People are taking a big risk when they buy goods at a car boot sale," he says.

The ALA alleges that car boot sales are becoming dominated by large commercial operations which place profit above safety and sometimes fence stolen goods. Big money is often involved: the ALA says one commercial boot sale in south-east London - where the 600 vendors were charged £7 for a pitch and the 8,000 shoppers 25p for admission - netted more than £5,000 in one morning. But the ALA stresses that sales organised purely for bona fide charitable or fundraising purposes would be exempt from the licensing proposal.

The organiser of the Thamesmead boot sale, Mr Tom Barnard, welcomed the idea of licensing providing it was restricted to issues of standards and safety.

Mr Barnard runs the O.C. Association which organises big boot fairs at different venues in east London and Kent most weekends of the year. It is not clear whether his sales would need to be licensed although most of the money raised is donated to the Old Comrades, a charitable organi-

sation for ex-members of the armed forces to fund health-care projects and Christmas outings.

The association plays down its charitable links and cryptically publicises itself as the O.C. Association. "We don't want to advertise the fact that we're a charity and give the impression that we have lots of people shaking cans. If you can't get people in on the basis of a good show you are not entitled to expect them to come along," says Mr Barnard.

He says that good organisation is the key to a good car boot sale. As well as arranging for staff to supervise the car park, the association pays £350 to have each event policed, £400 for portable toilets and a further £1,000 for advertising. Of the £5 charged for each car, £2.50 goes to Thamesmead council for use of Southmere Park.

The association also hires mobile phones and walkie-talkies to keep in touch during the event and to contact ambulances in emergencies. Independent traders provide inflatable bouncy castles and pony rides to keep the children happy.

"People think that there are thousands and thousands of pounds to be made but that would only be the case if you got free advertising and free

sites," Mr Barnard says. His association's sales generate about £500 surplus a week.

Mr Barnard accepts that the goods for sale are of variable quality, but says that is part of their charm. He says he keeps a loose check of what is on sale and on one occasion informed the police about one trader selling gun-traps. He argues that traders are unlikely to sell stolen goods because of the openness of the events and the presence of the police. "In my view, it is the opposite of what you might think."

This view is not shared by a journalist whose lawnmower and other gardening tools were stolen from a locked garage in Liverpool.

Police and the insurance loss-adjuster had no doubt that a car boot sale would offer the swiftest way of fencing the items, probably the next day before details of the theft could be put out.

Mr Scott, of the ALA, believes the standards of goods should be checked more rigorously. He says: "We have the power to seize goods that we suspect are unsafe or counterfeit and stop someone from selling them. But most car boot sales take place at weekends and local authorities have financial constraints and cannot afford to fund the overtime for trading standards officers to inspect them."



Put the boot in: some fear sales are fertile ground for crooks

## Running of education initiative criticised

By Andrew Adonis

A £134m-a-year government scheme to promote vocational education in schools has been poorly managed by the employment department, the National Audit Office said in a report to parliament yesterday.

The Training and Vocational Education Initiative (TVEI), launched in 1983, is intended to help bridge the gap between school and work. Project grants are made direct to schools, with local education authorities responsible for co-ordinating the initiative.

According to the NAO, a parliamentary watchdog, the employment department has failed to develop national performance targets against which to measure TVEI, and its financial monitoring "fails to demonstrate whether [education] authorities have exercised proper control over TVEI expenditure".

The department is also said to be unduly slow in informing education authorities of the result of evaluation studies. Without such monitoring, the NAO report questions whether the scheme will have any lasting effect if its funding ends in the late 1990s, as planned.

TVEI National Audit Office, HMSO, £5.15.



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## Newspaper is cleared

THE Daily Telegraph was yesterday cleared of contempt of court over articles on the collapse of mortgage brokers Homes Assured. The articles were based on a confidential High Court file which contained evidence of a move to disqualify five former Homes Assured directors from holding office as company directors.

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Weekend November 9/November 10 1991

## Spending the inheritance

THE ABSENCE of Mrs Margaret Thatcher certainly makes a difference. Not quite a year has passed since she ceased to be prime minister, but the politics of the 1990s are already fading into memory. Take, for example, a balanced budget and "reducing the share of public spending in gross domestic product". They are gone with the Autumn Statement winds. Mrs Thatcher would have been obliged to allow the chancellor to spend a large proportion of the extra £20bn of taxpayers' money that Mr Norman Lamont proposes to lay out over the next financial year, since there is no discretion over unemployment benefit, index-linked social security and other statutory increases. She may also have seen political merit in higher spending on health, although not to the extent of the £1.5bn proposed.

But the total package of increases, including heavy subsidies for rail transport, is clearly un-Thatcherite. Call it three-quarters inevitable, one-quarter controllable. Then assume, say, £20bn-£25bn in cuts that the former prime minister would surely have insisted on to compensate for the non-discretionary increases. On a rough estimate, her absence is probably costing the exchequer some £4bn next year, with more to come in the years that follow. That is some difference. Indeed, if a change in policy normally precedes a change in government, then this week's Autumn Statement should be encouraging news for the Labour party. In the last four years of Thatcherite rectitude, 1986-87 to 1990-91, general government spending rose by less than 1 per cent in real terms. During the first three of those years economic expansion made this easier to achieve. But the government forecasts an increase of 12.7 per cent for 1990-91 to 1994-95, or over 3 per cent a year.

### Zero chance

Since real GDP is expected to fall by 2 per cent between 1990 and 1991, the chances that it will rise as rapidly as public spending between 1990-91 and 1994-95 are non-existent, as the Treasury admits. Only a very determined government will be able to get the ratio of public spending to GDP back to the levels of the late 1980s once again. That does not look like such a government.

This is shown as much in the prospects for public borrowing as for spending. Including privatisation proceeds the public sector borrowing requirement is assumed to be 3 per cent of GDP next year. Excluding privatisation receipts, it would be over 4 per

cent and it could easily be more. Barring an extraordinarily rapid economic recovery, the prospective rate of growth of public spending precludes an early return to a zero borrowing requirement, let alone to a balanced budget over the cycle. That would require a success in the future which is hard to see how these could be achieved without increasing taxation.

It is true that that much of the surge in spending and the consequent increase in the borrowing requirement is recession-related. But this does not make current policy any less un-Thatcherite. Public spending has been increased by higher unemployment and lower output than was expected. But for many years ahead the level of output will also be lower than was hoped. A Thatcherite response to the recession and, above all, to the poorer prospects for the future would be to slash spending. The government intends, instead, to maintain public spending and borrow freely. The Labour shadow chancellor, Mr John Smith, might have hoped to inherit more room for manoeuvre, but he could hardly have demanded yet higher expenditure.

### High ceiling

Yet, politically speaking, the Autumn Statement has put Labour on the spot. It cannot hope to do the things its policy review holds out as inducements to the electorate without increasing personal taxation for the majority of voters. The product of Labour's proposed increases for people with incomes above £20,000 is so large that it would mean that already tax-payers and families claiming child benefit: the rest would require a burst through the high ceiling of Mr Lamont's proposed future spending. Like the Conservatives if they win, Labour, it is said, will be boxed first by the commitment to membership of the exchange rate mechanism and, second, by Mr Major's retreat from Thatcherite budgetary constraints. As to who will win, the best reading of Thursday's election results and the most recent opinion polls is that the score between the two main parties is deuce, advantage Labour. The retreat from Thatcherism in the Autumn Statement may remove that advantage, since the spending is to be concentrated on areas in which the public wants it. Yet the score between the parties is likely to remain close until the final set. Only a solid return of confidence and a few months of economic optimism could restore the advantage finally to the Conservatives. They survive on slim hopes.

This was the week when President George Bush finally lost his aura of invincibility.

If there was a turning point, it came in the early hours of Wednesday morning when Mr Bush stepped out into a chilly mist to face a barrage of reporters' questions about the stunning Democratic victory in the US Senate race in Pennsylvania.

Mr Bush looked defensive. There was no sense of panic, he insisted. He was not worried about the opinion polls; besides, the latest figures suggested he was ahead of Democratic presidential rivals. It was an unconvincing performance.

Today Mr Bush is looking a good deal happier. After three days of high-profile diplomacy, first at the Nato summit in Rome and then at the US-EC summit in The Hague, the US president has reminded Americans and Europeans how easily he can slip into his role as leader of the western alliance.

But the two faces of Mr Bush - the tentative president at bay at home, and the self-confident leader abroad - are a sober reminder to Republicans that Mr Bush is no longer the colossus he once was. Foreign affairs, so long his strong suit, suddenly risk becoming a political liability, with both Democrats and Republicans rounding on him for being "the absentee president".

In some ways, Mr Bush has himself to blame. This year, he went to Mexico, France, Britain, Greece and Turkey. There was the Moscow summit. He visited Czechoslovakia, Germany and France on one excursion; Canada, Martinique and another. Then there was last week's Middle East peace conference in Madrid, not to mention the Nato annual conference in Rome and the EC summit in The Hague this week. In three whirlwind years, Mr Bush has visited 31 countries.

This week, Mr Bush mercifully called a halt to his globe-trotting. Just as the first reports came through warning of the loss in Pennsylvania, Mr Bush reluctantly decided to post-

### Mr Bush has become more agitated and frustrated at the failure of the US economy to break out of recession

pone a long-planned trip to Asia scheduled for the end of this month. It was a wrenching decision because Mr Bush hates breaking his word, especially to foreign leaders. But the crescendo of criticism in Washington from both real and nominal Democrats and the White House was close to panic.

The reason comes down to two words: the economy. During Mr Bush's three years in office the US economy has never been particularly robust. In the past two months the most signs of a recovery have petered out. Indeed, only the third quarter of this year shows preliminary growth figures higher than an annual rate of 2 per cent. If the economy shows no sign of improvement, Mr Bush could even risk becoming a one-term president, facing the same question which Mr Ronald Reagan used so effectively against Mr Jimmy Carter in 1980: "Are you better off than you were four years ago?" Senator George Mitchell, the Democratic majority leader, went one step better: a week ago he likened Mr Bush to Mr Hoover, the one-term Republican who took a hands-off approach to the stock market crash of the late 1920s.

Mr Bush promptly turned on Senator Mitchell during a \$1,000-a-plate fund raiser in Houston, Texas, and launched an attack against the Democratic "do-nothing Congress" which was holding up legislation in transport, spending, banking reform and capital gains tax reduction - legisla-

tion which, he argued, would stimulate an economic recovery.

To this the Democrats reply that Mr Bush is the "do-nothing president" when it comes to domestic policy. This may be unfair since Mr Bush faces the very practical problem of a Democratic majority in both the House and Senate. Neither chamber of Congress has much interest in helping him, particularly as the November 1992 election approaches. Mr Bush did manage to squeeze out some useful legislation in his first two years: for example the Clean Air Act and Americans With Civil Disabilities Act, and he attempted to improve education standards in co-operation with the state governors. But Mr Bush is also paying the price for his 1988 presidential campaign, which was long on personal attacks and short on substantive policies which would give him a mandate to push through important legislation.

What is striking in recent weeks is how Mr Bush has become progressively more agitated and frustrated at the failure of the US economy to break out of recession. The immediate reason is that he has been receiving calls from prominent (and sometimes highly-leveraged) Republican fund-raisers and money men who find themselves unable to get loans from commercial banks. Mr Bush's old-boy network of east coast and Texas businessmen has begun to hum with criticism of him. The result is a loud call to deal with the "credit crunch".

Mr Alan Greenspan, chairman of the Federal Reserve, takes the credit crunch seriously. So, too, does Mr Michael Boskin, chairman of the president's Council of Economic Advisers. But neither is sure about what to do. All this may be the inevitable adjustment after the excesses of the 1980s, when Mr Bush as vice-president was little more than a bystander. The problem is that Mr Bush has never taken much interest in economics or domestic policy - though as a member of the old money class, he had plenty of doubts about Reaganomics, dismissing it as "voodoo economics".

In short, his main failure is that he has never seen the kind of tight control and decisiveness on economic or domestic affairs which he displays in foreign policy. The result is painful but inevitable: an absence of consensus in the Bush cabinet which has sparked a minor revolt among cabinet members such as Mr Jack F. Frawley, housing secretary, and Mr Robert Mosbacher, commerce secretary, who are pressing for tax cuts as part of an "economic growth package".

The problem is two-fold: Mr Bush, who constantly reminds audiences that he "split blood" to reach the budget deficit reduction agreement with Congress, has no desire to renegotiate the pact this year or next; nor does he appear committed to a capital gains tax cut, mainly because his friend, Mr Nicholas Brady, Treasury secretary, does not believe it can pass Congress. The last option would be to go for a tax cut package and let the deficit agreement go by the board. But, as Mr Bush noted the other day, even talk of such a deal produced a rise in

long-term interest rates on Wall Street. If he has a plan, Mr Bush seems inclined to "split the difference", offering concessions to the Democrats on taxes in return for a modest political gain himself. Yet this, too, has its drawbacks. It antagonises the Republican right in Congress, which has never trusted Mr Bush; and it opens room for intruders such as Mr David Duke, the maverick Louisiana candidate for governor of Louisiana who does not have the backing of the national party.

It took Mr Bush several weeks to condemn Mr Duke. Having insisted he had no desire to intervene in the Louisiana race, he emerged early on Wednesday morning to call Mr Duke a "insincere charlatan who was



Abroad, his authority is firm; at home, Mr Bush is a president at bay

attempting to hoodwink the voters of Louisiana... When someone has so recently endorsed Nazism, it is inconceivable that such a person can legitimately aspire to leadership."

White House officials insist that this was the real Mr Bush who stood up and spoke out; but the question is how to reconcile his apparent indecision in the Duke case and over other domestic issues with his unambiguous stands on foreign policy. Watching Mr Bush in action in Europe this week, the answer seems obvious. Mr Bush does have principles which he is prepared to fight for.

But even in foreign policy his stress on old-fashioned virtues such as loyalty and keeping his word has not always proved successful. During the

Gulf war, Mr Bush gave his word to allies that the US would not carry the fight to Baghdad. The US-led coalition did not, and President Saddam Hussein remains in place. Likewise, senior US officials are becoming increasingly impatient with Mr Bush's unwillingness to recognise that Soviet President Mikhail Gorbachev is a leader without power.

At home, Mr Bush is prepared to expend large amounts of energy and political capital defending his appointments, however controversial. He stood by Judge Clarence Thomas, the black conservative Supreme Court nominee, and Mr Robert Gates, CIA director, through bruising political rows - with a firmness that surprised his enemies.

This week in Europe, Mr Bush made a point of bending every allied leader's ear on the virtues of Nato and the US military commitment to the security of the continent. He warned all assembled Nato delegates that if the Europeans did not go their separate ways in creating common European defence and security policy, "then the time to tell us is today".

Mr Bush is more inclined to wear country brogues than hobnobbed boots, and it was noticeable that these tough remarks did not appear in his original prepared text. But the White House was keen to give American reporters the story of how Mr Bush talked tough with the allies. As one US official put it: "The Europeans need to know that we have problems back home and people are asking why we are spending so much money on defending Europe".

When he returns home today, Mr Bush will find domestic pressures piling up. President Bush is now Candidate Bush, eager to square up to a Democratic challenger. Already, some Democratic candidates such as Governor Douglas Wilder, the black conservative governor of Virginia, and Senator Tom Harkin of Iowa, are using "America First" rhetoric. So too is Senator Bob Kerrey, the Vietnam war hero from Nebraska.

The question is whether any of these candidates can rattle Mr Bush, or whether it will take the entry into the race of Governor Mario Cuomo of New York. After much humming and hawing on the Hudson, Mr Cuomo remains undecided. The liberal press swoons every time he makes a foray out of Albany but the Democratic party is becoming agitated. They want him in, if only to end the uncertainty which is holding up campaign contributions from leading donors.

Mr Cuomo has plenty of brain power, a good sense of humour and a skin which is about as thin as Mr Bush's. His liberal, ethnic background makes him vulnerable to the kind of campaign which Mr Bush used to such effect against Mr Michael Dukakis in 1988. On the other hand, Mr Cuomo does have the ability to move the masses, and to highlight the administration's weaknesses in domestic and social policy.

This was the very campaign which Mr Harris Wofford, a former civil rights adviser to President Kennedy, waged in Pennsylvania, trouncing Mr Richard Thornburgh, the former US attorney-general who was President Bush's hand-picked choice. Mr Wofford talked about universal health care and put out a populist, anti-Washington message. The sheer scale of his victory was a warning to Mr Bush, although the president could take comfort in a Gallup poll showing 64 per cent of people blame Congress rather than the president (18 per cent) for the stagnant economy.

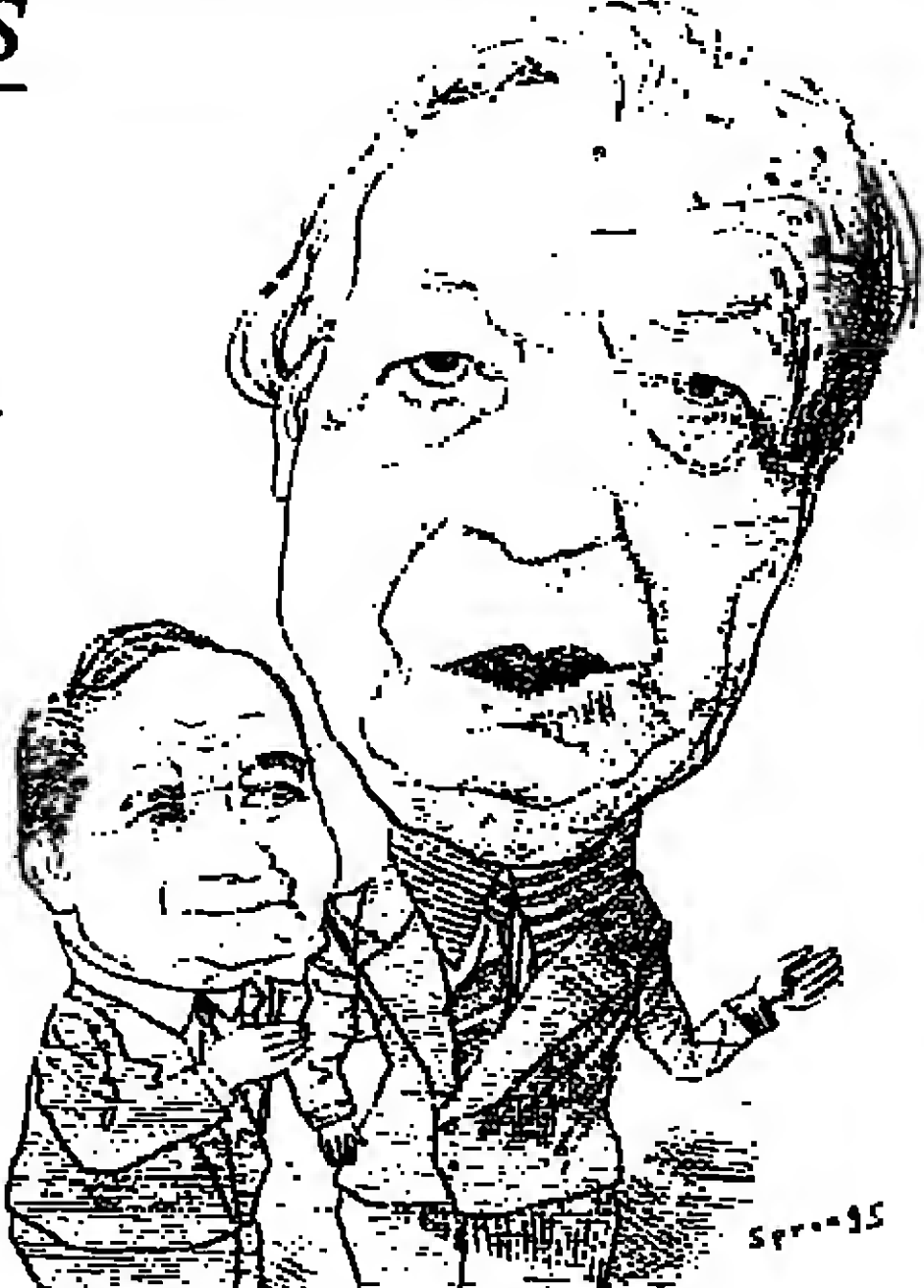
It would be foolish to underestimate Mr Bush. He is a great survivor. He came back after the crushing loss in the US Senate race in Texas in 1975; he barely grabbed his slot as Mr Reagan's running-mate in 1980; he suffered a thousand indignities as vice-president before reaching power in 1989. He is meanest and toughest under pressure. This week, the presidential campaign began in earnest.

## MEN IN THE NEWS

Charles Haughey and Albert Reynolds

## Knives out between patron and his protégé

By Tim Coone



I will believe Charles Haughey is dead when I see him buried at a crossroads at midnight with a stake driven through his heart, and even then I will carry a clove of garlic in my pocket for good luck." So said Dr Conor Cruise O'Brien, former minister and a commentator on the Irish political scene, a decade ago. Mr Haughey, the Taoiseach (prime minister), had successfully fought off challenges to his leadership through deft political manoeuvring, arm-twisting and influence peddling.

Dubbed the "great survivor" of Irish politics, Mr Haughey now faces what is likely to be the toughest battle of his political career. On Thursday night, he sacked his finance minister, Mr Albert Reynolds, who had thrown down the gauntlet to lead the Fianna Fail party and the government.

Today, in a specially convened meeting, Mr Haughey faces a no-confidence motion tabled by his backbenchers the first for eight years by his own party.

Financial scandals, involving dubious share and property deals in two state-run companies, have rocked Mr Haughey's coalition government recently. He has been unable to shake off the impression that his flamboyant style of government has been responsible for the scandals. It was his influence that led to the appointment of several personal friends to senior posts in the companies. Allegations of wrongdoing, voiced by the Labour party leader, Mr Dick Spring, and pursued in lurid detail in the Irish press, have sullied Mr Haughey's administration with accusations of political favouritism and corruption. Five heads of state-run companies have resigned. The opposition parties have harried Mr Haughey mercilessly in the Dail (parliament's lower house) for the past two months, and many of his younger backbenchers have rounded on him.

For two weeks Mr Haughey has given unconvincing per-

formances in the Dail, failing to bring his backbenchers into line and to silence the opposition. It was no longer classic Haughey, the street-fighter coming out with fists flying and smiting his critics. As one commentator later said, it "was more like a lawyer trying to defend a poor brief".

Mr Haughey has long stirred political passions; he is loved and hated in equal measure. He was charged and acquitted of having smuggled arms for the IRA in 1970. He engineered the downfall of Mr Jack Lynch, the Fianna Fail leader in 1979, to assume the top post himself, mobilising grass-roots and backbench support within the party. He then routed out his opponents when they tried to unseat him in the early 1980s. But this latest putsch against him may at last prove his undoing.

At 55, Mr Reynolds is 11 years Mr Haughey's junior, and has decided to make his bold, make-or-break bid for power now. He was first

brought into the cabinet in 1979 by Mr Haughey and rose through a series of ministerial posts to be the Taoiseach's right-hand man as finance minister in 1988. He has been the principal architect of the government's successful economic stabilisation policy since then, and is widely viewed as the most probable successor to Mr Haughey.

The first signs of strain between patron and protégé appeared last summer when Mr Reynolds announced that the government would not be able to meet promised public sector pay awards totalling £240m in 1992. A spokesman for Mr Haughey dismissed Mr Reynolds's remarks at the time as "propaganda" from the finance minister. Mr Haughey was subsequently forced to admit Mr Reynolds's calculations were correct.

Since then, Mr Haughey has steadily been losing his grip. The consummate party insider can no longer claim to speak for a new generation of Fianna

Fail politicians who are not moved by his traditional party appeals for discipline and unity against outside attacks. Mr Haughey married into politics, wedding Miss Maureen Lemass, the daughter of Mr Sean Lemass, former prime minister and party leader during the 1960s. He became part of the party machine early on in his career and for 11 years has run that machine.

Mr Reynolds was first elected to the Dail in 1977, 20 years after Mr Haughey. His original career was organising ballroom dances and cabarets and was himself a country and western singer and performer. Irish television has in the past few days screened Mr Reynolds in jeans, cowboy boots and a hat, crooning: "Put your sweet lips a little closer to the 'phone" into a microphone at one function. The last time he put his own lips so publicly to the 'phone was when he called Mr Haughey to announce his challenge.

Having abandoned his cow-


boy outfit for a pin-striped suit he amassed considerable personal wealth as the owner of a dog food factory, with which he was able to launch his political career. Under the glare of TV lights he appears urbane, articulate and at ease in direct contrast to Mr Haughey. The hint of more open and accountable government which he gives is comforting to Fianna Fail supporters who are increasingly worried by the party's tarnished image and Mr Haughey's faltering leadership.

Mr John Bruton, the leader of the Fine Gael opposition party, accuses Fianna Fail of being a party "driven by personalities not policies. They are concerned with tactical issues not strategic ones: the who and not the what of politics". He believes that whatever the outcome of today's no-confidence motion, "it will not remove the uncertainties surrounding the government's stability".

If Mr Haughey loses the vote, a party leadership election would have to follow quickly. By then the first candidate Mr Reynolds would be most likely to emerge as the next prime minister and thus to give the coalition a new lease of life.

If Mr Haughey survives, the loss of his respected finance minister, and continuing dissatisfaction on the backbenches is likely to lead to further challenges to his leadership unless he decides to step aside. Many observers believe his personal choice as successor is Mr Ray MacSharry, EC Agriculture Commissioner until the end of next year. That date is too far ahead for many Fianna Fail stalwarts who themselves are manoeuvring into position to fight for the leadership.

Even if Mr Reynolds does succeed in driving the stake into Mr Haughey's heart, he may not succeed in laying his legacy entirely to rest. As Mr Haughey said in a radio interview yesterday: "Growing chrysanthemums is not as attractive as an active political career."



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Financial Times  
Weekend November 9/10 1991

## ECONOMIC DIARY

**TODAY:** Prime ministers of Soviet republics meet in Kiev to discuss ways of sharing Soviet resources and foreign debt obligations.

**TOMORROW:** Mr John Major, prime minister, has meeting with Mr Helmut Kohl, German Chancellor, in Bonn.

**MONDAY:** Credit business (September). Retail sales (September final). Ministerial meeting of the Group of 24 of the leading industrial nations in Brussels. Gatt talks in Geneva.

**TUESDAY:** UK acquisitions and mergers (third quarter). Producer price index numbers (October provisional). European Community foreign ministers discuss political union in Noordwijk (until November 14). Financial Times conference "Liner shipping in the 90s" in Amsterdam.

**WEDNESDAY:** Capital issues and redemptions (October). Index of output of the production industries (September). US producer price index for October. EC and Hungary hold talks on association agreement in Brussels. CBI regional industrial trends survey. Financial Times conference "Bulk shipping in the 90s" in Amsterdam. Initial prospectus for BT share offer.

**THURSDAY:** Labour market statistics: unemployment and unfilled vacancies (October provisional); average earnings indices (September provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (October). Capital expenditure by the manufacturing industries (third quarter - provisional). Financing of the central government borrowing requirement (third quarter). Monetary statistics including: M4 sectoral analysis; bank and building society sterling lending (third quarter). US consumer price index for October; retail sales for October; and real earnings for October. BOCI scheduled to be arranged in New York State Supreme Court. Financial Times conference on "World Electricity" in London.

**FRIDAY:** Usable steel production (October). Retail prices index and tax price index (October). US industrial production/capacity utilisation for October; business inventories (September).

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS** Friday November 8 1991

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## CHANNEL ISLANDS

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## FT SURVEYS

## REGISTRATION NUMBERS

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar ends quietly firmer

THE DOLLAR ended the week quietly but with a slightly firmer tone as worries of an imminent rise in German interest rates began to fade.

In a newspaper interview, Mr. Helmut Schlesinger, president of the Bundesbank, said he was broadly satisfied with the current level of German interest rates.

His remarks caused the dollar to rise and the D-Mark to fall in early European trading. The dollar advanced as far as DM1.6500, its highest level since the start of the week.

However, there was a lack of follow-through. With US markets closed on Monday, operators were content to take profits and square their books and the dollar drifted gently back to the middle of the day's trading range.

Currency analysts said that after a fortnight of solid losses, the dollar was now likely to establish itself in a new range of DM1.6250 to DM1.6500, although after the recent week-

ness it was likely to have an upward bias initially.

They added that the dollar was likely to hold in this range until the next move on US or German interest rates became apparent. The dollar closed higher at DM1.6420 from DM1.6300 and at Y130.70 from Y129.70.

Mr. Schlesinger's comments weakened the D-Mark, which had been advancing this week on speculation about a rise in German rates and also on the softer dollar.

However, there was some scepticism in the markets about Mr. Schlesinger's remarks. Mr. Christian Dums, economist at Chemical Bank in London, said: "I'm not really convinced. Four or five weeks ago he was saying the Bundesbank had adopted a more flexible attitude towards interest rates."

"The important wage negotiation is still at an early stage. It's maybe possible to rule out an immediate rise in

rates. But these negotiations go on until the end of the first quarter of next year."

But the D-Mark's weakness took the pressure off other ERM currencies. The French franc was steady after the Bank of France's recent intervention and for most of the session the D-Mark was comfortably below the important FF3.42 level. It closed at FF3.417 from FF3.421.

However, the lira remained weak as worries persisted that a devaluation may be necessary to allow Italy to restore price competitiveness. The mark closed at L752.00-10, down 40 points.

Sterling was steady. Support from the weaker mark was offset by talk about lower interest rates. But currency dealers remained aware that the Bank of England could intervene if it threatened to break below DM2.90. The pound closed higher at DM2.9025 from DM2.9000, but was lower at \$1.7875 from \$1.7800.

## £ IN NEW YORK

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## CURRENCY MOVEMENTS

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## CURRENCY RATES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## OTHER CURRENCIES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## FORWARD RATES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## MONEY MARKETS

## Easier London rates

UK MONEY market rates were easier yesterday as speculation persisted about a cut in interest rate this year. The key three months inter-bank rate, which has fallen to 10.5 per cent, fell almost 1/2 to 10.25 per cent.

The indication from Mr. Helmut Schlesinger, president of the Bundesbank, that there was unlikely to be a rise in German interest rates in the near future also encouraged the speculation.

Dealers said that worries about higher German rates had in the past

some way from anticipating a rate cut. In the futures market, which has in the past taken a more optimistic view on the likelihood of lower rates, there was scepticism.

The December short sterling contract rose just 2 basis points to 89.25, which implies the market is assuming base rates above 10 per cent by the end of the year. While three months money rates have fallen by almost 1/2 point this week, the futures market has been unmoved.

The futures market is more closely linked to the fortunes of sterling. But so far, sterling remains depressed, on worries about the political standing of the government.

Yesterday the pound traded just above DM2.90 - the level which the Bank of England chose to defend recently. Futures dealers said that as long as sterling is weak, there is unlikely to be a cut in interest rates.

German call money held steady yesterday and was quoted at 8.95-9.05 per cent, unchanged on the previous day's levels. Liquidity was said to be in ample supply and dealers were not anticipating an immediate move away from 9 per cent.

In New York the Federal Reserve refrained from open market operations. Federal funds rose to 4 1/2 per cent from 4 per cent, close to the Fed's perceived 4 per cent target.

## FT LONDON INTERBANK FIXING

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## MONEY RATES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## LONDON MONEY RATES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## FT LONDON INTERBANK FIXING

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## MONEY RATES

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## FINANCIAL FUTURES AND OPTIONS

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
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Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
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Forward premiums and discounts apply to the US dollar.

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1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
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1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
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Forward premiums and discounts apply to the US dollar.

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Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
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1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## MONEY MARKET FUNDS

## Money Market Trust Funds

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## Money Market Bank Accounts

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## Money Market Bank Accounts

Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
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1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
1000	1.7875	1.7875	1.7875
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Forward premiums and discounts apply to the US dollar.

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Unit	Nov 8	Nov 9	Nov 10
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1000	1.7875	1.7875	1.7875
1000	1.7875	1.7875	1.7875

Forward premiums and discounts apply to the US dollar.

## Money Market Bank Accounts

those 650,000 new shares, since General's stock cost her more, she faces up to a yield cost.

The 650,000 new shares issued in consideration of the Stevenson acquisition had been bought by General and sold to the public at a profit. The proceeds from the sale had been made to the Stock Exchange Council for admission to The Official List.

For the six months to June, 1991, the company made pre-tax losses of £218,499, against losses of £578,342 (excluding extraordinary of £120,000) for the year to December last. A one month contribution from U.S. operations is included in the 1991 figures. Losses per share amounted to 0.039 (loss 1.17 pence - October 1990).

In the Philippines the Bondco bank has been relinquished with sales continuing on farm out of the Cabaua lease.

Dr Smith said that in the U.S., Globe has been fortunate in negotiating a farm out for the Orange Hills Field, Texas, with partners prepared to invest "significantly greater sums of money" than the company. He noted that these funds should further enhance value of the property and release the company's cash for other properties.



## Firm close to the trading account

London's advance mirrored gains in other European bourses following a report in the UK press that the Bundesbank might have shifted to a less defensive view on German interest rates. London money market rates eased yesterday, with some strategists suggesting that the government's by-election defeats, accompanied by another public opinion poll favouring the opposition

Labour party, might bring a cut in UK base rates to coincide with the fall in the retail price index expected next week. However, others remained convinced that the government will reserve the next base rate cut, which could be the last for the foreseeable future, until a UK general election is in sight.

At Barclays de Zoete Wedd, the UK investment bank which holds the view that UK base rates will come down to 10 per

The equity market moved to a net gain of 26.8 Footsie points before the pace slackened as profit-taking ahead of the close last night of the two week equity account took the top of share prices.

The final reading left the FT-SE index at 2,569.0, for a net gain of 21 points on the session. The market has moved uncertainly this week, gaining a net 9.5 on the Footsie, as the Autumn Statement on the UK economy has failed to dispel the growing uncertainty over the UK political outlook. Over the two week trading account equities have gained 44.3 or around 1.8 per cent, largely reflecting improved economic confidence, buttressed by trading reports from leading British companies.

Turnover of volume (millions)

End: Intra-market business & Overseas turnover

700  
600  
500  
400  
300  
200

24 25 26 28 29 30 31 1 4 5 6  
October 1991 November

Average daily volume 1992 \$74,362,000

[illegible]

Anglo-Dutch giant Unilever jumped 10 percent on the heels of a report that the company's first-quarter turnover for more than two years after growth in food and detergents sales boosted third-quarter profits by 10 per cent to £545m. Analysts raised their price targets for the company. The shares closed 30 up at 838p on turnover of 5.8m.

Smith New Court lifted its 1991-1992 profit forecast to £1.65bn from £1.52bn. The new target was based on a 10 per cent increase in turnover to £2.194bn held by the company's major brand BZW. The BZW foods team decided to not to change its estimate and said: "The figures were clearly a lot better than we expected and we are expecting not only in terms of the headline figure but also because they included a significant element of exceptional costs." The company did not detail the exceptional costs but believes they were around £30m.

Some insurers shrugged off recent weakness with Legal and General finding most favour, improving 11 to 389p. **Royals**, hit heavily by mortgage indemnity worries, recovered 6 to 290p.

Composite insurer Sun Alliance was knocked back following the placing of 5m shares by

BOC firming 10 to 573p after a bullish internal pre-result. The group's earnings for the second quarter will be reported on November 14. The group reveals its interim figures on November 14.

The world's biggest branded condom maker, London International, benefited from the high demand for condoms in the United States following the arrival of the AIDS virus on Wall Street. Carter Wallace has the biggest market share in the US condom market and London International holds the number two position. Investors bought the stock on the news that the condom sales following the revelation that a top sportsman carried the AIDS virus. Analysts said that the news would further encourage heterosexuals to use condoms. London International added 9 at 303p.

Thorn EMI rose steadily on US newspaper reports that Par-

Business services group BET slipped 6 to 216p as sources close to S.G. Warburg said the broker would issue a sell recommendation on Monday.

Buying ahead of interims on November 20 pushed Court-lands up 12 to 486p.

Profit forecast cuts knocked Dixons by 9 in early trading. They recovered by the close to end a net 4 off at 242p. Morgan

**Equity Shares Traded**  
Turnover by volume (million)  
Excluding:  
Intra-market business & Overseas turnover

Year	Turnover (million)
1987	380
1988	420
1989	520
1990	600
1991	580
1992	420
1993	450
1994	480
1995	450
1996	480

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current year estimate by \$500m to \$750m for a similar reason.

British Steel bucked the market trend, falling 2 to 114½ ahead of Monday's interim figures. Most analysts predict a maintained interim dividend but some are worried that there may be an announcement at Monday's analysts' meeting of a cut, or even the reduction of the full year dividend.

Bid speculation returned to boost Dowty. The shares rose 5 to 175p on the turnover of 1.7m. There were suggestions that Daimler Benz might bid for the industrial group. Other names mentioned included TI Group, unchanged at 621p, and Smiths Industries, down 1 to 510p.

BENCHMARK GO			
		Coupon	Red Date
AUSTRALIA		12.000	11/01
BELGIUM		9.000	06/01
CANADA *		9.750	12/01
DENMARK		9.000	11/00
FRANCE	BTAN	8.800	11/86
	OAT	9.500	01/81
GERMANY		8.25	09/01
ITALY		12.000	06/01
JAPAN	No 119	4.800	06/99
	No 129	6.400	03/90
NETHERLANDS		8.500	03/01
SPAIN		11.900	07/86
UK GILTS		10.000	11/98
		10.000	02/01
		9.000	10/98
US TREASURY *		7.875	08/01
		8.125	08/21

London closing, \*denotes New York market

PERNMENT BONDS				FT-A INDICES LEADERS AND LAGGARDS	
Price	Change	Yield	Week ago	Month ago	
0.0471	+0.026	9.77	9.85	10.07	
0.0400	+0.250	9.02	9.08	9.08	
0.0500	+0.780	9.58	9.68	9.04	
0.9750	+0.450	8.94	9.84	9.04	
1.5117	+0.314	8.87	8.83	9.04	
0.4800	+0.350	8.76	8.75	8.84	
1.2200	+0.460	8.28	8.36	8.18	
0.0000	+0.100	12.27	12.39	12.49	
0.1613	+0.186	8.32	8.21	8.30	
0.5200	+0.597	8.57	8.87	8.50	
0.0400	+0.260	8.73	8.77	8.70	
0.0000	+0.030	11.81	11.58	11.56	
11-115	+0.932	8.63	8.97	8.74	
12-046	+1.602	8.64	9.78	8.70	
12-036	+1.402	8.62	9.57	8.51	
12-046	+0.425	7.40	7.44	7.43	
12-046	+0.782	7.80	7.82	7.82	
Season	Yields	Local market	Standard		

Percentage changes since December 31, 1990 based on Thursday November 7, 1991			
Health & Household	+54.62	Insurance (Life)	+16.81
Books	+56.48	Food Manufacturing	+16.81
Packaging & Paper	+46.19	Banks	+15.19
Business Services	+38.22	Conglomerates	+15.19
Chemicals	+35.86	Motors	+15.19
Commercial Banks	+35.86	Food Retailing	+15.19
Electronics	+35.74	Capital Goods	+12.93
Engineering-General	+33.48	Metals & Leisure	+10.95
Telecommunications	+33.48	Real Estate	+10.95
Telephone Networks	+28.49	Financial Group	+7.28
Consumer Goods	+28.49	Insurance Brokers	+7.28
Chemicals & Paper	+28.49	Metals & Metal Forming	+5.53
Industrial Machinery	+28.49	Food Processing	+4.73
Other Groups	+23.68	Oil & Gas	+3.30
Brewers & Distillers	+21.89	Building Materials	+5.45
Transport	+21.89	Electrical & Electronics	+5.45
Electricity	+20.88	Contracting, Construction	+5.45
Investment Trusts	+20.81	Insurance (Compoise)	+5.45
300 Share Index	+20.75	Property	+5.45
Media	+20.57	Engineering-Aerospace	+10.29

A buy recommendation from broker Williams de Broe helped BAA. The shares added 8 at 438p on healthy turnover of 4.2m.

BTR which this week improved its offer for Hawker Siddeley bounced 7½ to 393½p after a County NatWest buy recommendation. The security

## WEEK IN THE MARKETS

## Zinc sets off on aluminium's trail

Trail provides about 5.2 per cent of the western world's refined zinc. Cominco plans to run the plant at only 90 per cent of its 272,000-tonne-a-year capacity. While no employees were laid off, the company said more cuts would be considered if prices did not improve "in the near future."

Against such a figure this week's only cut in production seems insignificant. Alcan Brazil said on Wednesday that it had started to shut down a series of furnaces at its Ouro Preto plant, reducing production by 9,000 tonnes a year, and

Nickel prices fell steadily throughout the week. Stocks are likely to continue rising.

The financial troubles of French trader Sincac gave prices a further boost on Thursday, when the January robusta contract hit a six-month high of £588 a tonne during the day. Yesterday it closed at £578, up £41 on the week.

**David Blackwell**

current contract which ends next June. But he has agreed in principle to be a part-time consultant to the company after that date. Reuters says that Hull's departure was not connected with the delays to the introduction of Dealing 2000, or Globex, the automated futures trading system being

**CWS**  
David Lacey, deputy chief executive of the CO-OPERATIVE WHOLESALE SOCIETY, has announced his resignation from the end of this year. Last month he failed to be selected for the top job when the other deputy chief execu-

■ **Lynn Dukes** has joined BARCLAYS DE ZOTTE WEDD as director and head of operations. Previously the senior operating officer of Salomon Brothers in London, he will now be responsible for BZW's systems and settlements within the markets and investment banking worldwide.

**BUILDINGS.**  
■ Alexander Munn is appointed general manager, property of the AUTOMOBILE ASSOCIATION.  
■ ARUN ESTATES has appointed Mike Tadman personnel director and Brian Matthews development director for the south east

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1. *Journal of the American Medical Association*, 2000; 284: 2689-2694.

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## OTHER UK UNIT TRUSTS

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## FINANCIAL TIMES WEEKEND NOVEMBER 9/NOVEMBER 10 1991

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## LEISURE - Contd

1991	Low	High	Stock	Price	1991	Low	High	Stock	Price
100	1.00	1.00	100	1.00	100	1.00	1.00	100	1.00
101	1.01	1.01	101	1.01	102	1.02	1.02	102	1.02
103	1.03	1.03	103	1.03	104	1.04	1.04	104	1.04
105	1.05	1.05	105	1.05	106	1.06	1.06	106	1.06
107	1.07	1.07	107	1.07	108	1.08	1.08	108	1.08
109	1.09	1.09	109	1.09	110	1.10	1.10	110	1.10
111	1.11	1.11	111	1.11	112	1.12	1.12	112	1.12
113	1.13	1.13	113	1.13	114	1.14	1.14	114	1.14
115	1.15	1.15	115	1.15	116	1.16	1.16	116	1.16
117	1.17	1.17	117	1.17	118	1.18	1.18	118	1.18
119	1.19	1.19	119	1.19	120	1.20	1.20	120	1.20
121	1.21	1.21	121	1.21	122	1.22	1.22	122	1.22
123	1.23	1.23	123	1.23	124	1.24	1.24	124	1.24
125	1.25	1.25	125	1.25	126	1.26	1.26	126	1.26
127	1.27	1.27	127	1.27	128	1.28	1.28	128	1.28
129	1.29	1.29	129	1.29	130	1.30	1.30	130	1.30
131	1.31	1.31	131	1.31	132	1.32	1.32	132	1.32
133	1.33	1.33	133	1.33	134	1.34	1.34	134	1.34
135	1.35	1.35	135	1.35	136	1.36	1.36	136	1.36
137	1.37	1.37	137	1.37	138	1.38	1.38	138	1.38
139	1.39	1.39	139	1.39	140	1.40	1.40	140	1.40
141	1.41	1.41	141	1.41	142	1.42	1.42	142	1.42
143	1.43	1.43	143	1.43	144	1.44	1.44	144	1.44
145	1.45	1.45	145	1.45	146	1.46	1.46	146	1.46
147	1.47	1.47	147	1.47	148	1.48	1.48	148	1.48
149	1.49	1.49	149	1.49	150	1.50	1.50	150	1.50
151	1.51	1.51	151	1.51	152	1.52	1.52	152	1.52
153	1.53	1.53	153	1.53	154	1.54	1.54	154	1.54
155	1.55	1.55	155	1.55	156	1.56	1.56	156	1.56
157	1.57	1.57	157	1.57	158	1.58	1.58	158	1.58
159	1.59	1.59	159	1.59	160	1.60	1.60	160	1.60
161	1.61	1.61	161	1.61	162	1.62	1.62	162	1.62
163	1.63	1.63	163	1.63	164	1.64	1.64	164	1.64
165	1.65	1.65	165	1.65	166	1.66	1.66	166	1.66
167	1.67	1.67	167	1.67	168	1.68	1.68	168	1.68
169	1.69	1.69	169	1.69	170	1.70	1.70	170	1.70
171	1.71	1.71	171	1.71	172	1.72	1.72	172	1.72
173	1.73	1.73	173	1.73	174	1.74	1.74	174	1.74
175	1.75	1.75	175	1.75	176	1.76	1.76	176	1.76
177	1.77	1.77	177	1.77	178	1.78	1.78	178	1.78
179	1.79	1.79	179	1.79	180	1.80	1.80	180	1.80
181	1.81	1.81	181	1.81	182	1.82	1.82	182	1.82
183	1.83	1.83	183	1.83	184	1.84	1.84	184	1.84
185	1.85	1.85	185	1.85	186	1.86	1.86	186	1.86
187	1.87	1.87	187	1.87	188	1.88	1.88	188	1.88
189	1.89	1.89	189	1.89	190	1.90	1.90	190	1.90
191	1.91	1.91	191	1.91	192	1.92	1.92	192	1.92
193	1.93	1.93	193	1.93	194	1.94	1.94	194	1.94
195	1.95	1.95	195	1.95	196	1.96	1.96	196	1.96
197	1.97	1.97	197	1.97	198	1.98	1.98	198	1.98
199	1.99	1.99	199	1.99	200	2.00	2.00	200	2.00

## MOTORS, AIRCRAFT TRADES

1991	Low	High	Stock	Price
100	1.00	1.00	100	1.00
101	1.01	1.01	101	1.01
102	1.02	1.02	102	1.02
103	1.03	1.03	103	1.03
104	1.04	1.04	104	1.04
105	1.05	1.05	105	1.05
106	1.06	1.06	106	1.06
107	1.07	1.07	107	1.07
108	1.08	1.08	108	1.08
109	1.09	1.09	109	1.09
110	1.10	1.10	110	1.10
111	1.11	1.11	111	1.11
112	1.12	1.12	112	1.12
113	1.13	1.13	113	1.13
114	1.14	1.14	114	1.14
115	1.15	1.15	115	1.15
116	1.16	1.16	116	1.16
117	1.17	1.17	117	1.17
118	1.18	1.18	118	1.18
119	1.19	1.19	119	1.19
120	1.20	1.20	120	1.20
121	1.21	1.21	121	1.21
122	1.22	1.22	122	1.22
123	1.23	1.23	123	1.23
124	1.24	1.24	124	1.24
125	1.25	1.25	125	1.25
126	1.26	1.26	126	1.26
127	1.27	1.27	127	1.27
128	1.28	1.28	128	1.28
129	1.29	1.29	129	1.29
130	1.30	1.30	130	1.30
131	1.31	1.31	131	1.31
132	1.32	1.32	132	1.32
133	1.33	1.33	133	1.33
134	1.34	1.34	134	1.34
135	1.35	1.35	135	1.35
136	1.36	1.36	136	1.36
137	1.37	1.37	137	1.37
138	1.38	1.38	138	1.38
139	1.39	1.39	139	1.39
140	1.40	1.40	140	1.40
141	1.41	1.41	141	1.41
142	1.42	1.42	142	1.42
143	1.43	1.43	143	1.43
144	1.44	1.44	144	1.44
145	1.45	1.45	145	1.45
146	1.46	1.46	146	1.46
147	1.47	1.47	147	1.47
148	1.48	1.48	148	1.48
149	1.49	1.49	149	1.49
150	1.50	1.50	150	1.50
151	1.51	1.51	151	1.51
152	1.52	1.52	152	1.52
153	1.53	1.53	153	1.53
154	1.54	1.54	154	1.54
155	1.55	1.55	155	1.55
156	1.56	1.56	156	1.56
157	1.57	1.57	157	1.57
158	1.58	1.58	158	1.58
159	1.59	1.59	159	1.59
160	1.60	1.60	160	1.60
161	1.61	1.61	161	1.61
162	1.62	1.62	162	1.62
163	1.63	1.63	163	1.63
164	1.64	1.64	164	1.64
165	1.65	1.65	165	1.65
166	1.66	1.66	166	1.66
167	1.67	1.67	167	1.67
168	1.68	1.68	168	1.68
169	1.69	1.69	169	1.69
170	1.70	1.70	170	1.70
171	1.71	1.71	171	1.71
172	1.72	1.72	172	1.72
173	1.73	1.73	173	1.73
174	1.74	1.74	174	1.74
175	1.75	1.75	175	1.75
176	1.76	1.76	176	1.76
177	1.77	1.77	177	1.77
178	1.78	1.78	178	1.78
179	1.79	1.79	179	1.79
180	1.80	1.80	180	1.80
181	1.81	1.81	181	1.81
182	1.82	1.82	182	1.82
183	1.83	1.83	183	1.83
184	1.84	1.84	184	1.84
185	1.85	1.85	185	1.85
186	1.86	1.86	186	1.86
187	1.87	1.87	187	1.87
188	1.88	1.88	188	1.88
189	1.89	1.89	189	1.89
190	1.90	1.90	190	1.90
191	1.91	1.91	191	1.91
192	1.92	1.92	192	1.92
193	1.93	1.93	193	1.93
194	1.94	1.94	194	1.94
195	1.95	1.95	195	1.95
196	1.96	1.96	196	1.96
197	1.97	1.97	197	1.97
198	1.98	1.98	198	1.98
199	1.99	1.99	199	1.99
200	2.00	2.00	200	2.00

## Garages and Distributors

25	126	Atlanta 100	17	1
140	127	Atlanta 100	17	1
141	128	Atlanta 100	17	1
403	129	Atlanta 100	17	1
113	130	Atlanta 100	17	1
114	131	Atlanta 100	17	1
115	132	Atlanta 100	17	1
116	133	Atlanta 100	17	1
121	134	Atlanta 100	17	1
244	135	Atlanta 100	17	1
5	136	Atlanta 100	17	1
245	137	Atlanta 100	17	1
106	138	Atlanta 100	17	1
107	139	Atlanta 100	17	1
108	140	Atlanta 100	17	1
109	141	Atlanta 100	17	1
110	142	Atlanta 100	17	1
111	143	Atlanta 100	17	1
112	144	Atlanta 100	17	1
113	145	Atlanta 100	17	1
114	146	Atlanta 100	17	1
115	147	Atlanta 100	17	1
116	148	Atlanta 100	17	1
117	149	Atlanta 100	17	1
118	150	Atlanta 100	17	1
119	151	Atlanta 100	17	1
120	152	Atlanta 100	17	1
121	153	Atlanta 100	17	1
122	154	Atlanta 100	17	1
123	155	Atlanta 100	17	1
124	156	Atlanta 100	17	1
125	157	Atlanta 100	17	1
126	158	Atlanta 100	17	1
127	159	Atlanta 100	17	1
128	160	Atlanta 100	17	1
129	161	Atlanta 100	17	1
130	162	Atlanta 100	17	1
131	163	Atlanta 100	17	1
132	164	Atlanta 100	17	1
133	165	Atlanta 100	17	1
134	166	Atlanta 100	17	1
135	167	Atlanta 100	17	1
136	168	Atlanta 100	17	1
137	169	Atlanta 100	17	1
138	170	Atlanta 100	17	1
139	171	Atlanta 100	17	1
140	172	Atlanta 100	17	1
141	173	Atlanta 100	17	1
142	174	Atlanta 100	17	1
14				



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# Weekend FT

SECTION II

Weekend November 9/Nov

## 'The biggest bank fraud in history'

**PART ONE** The BCCI shutdown is the most dramatic business story in years: it has tainted public figures across the world and raised searching questions about the way banks are run. In a three-month investigation the FT has uncovered compelling new evidence and, for the first time, put the BCCI jigsaw together. From the brothels of Lahore to the remote Scottish islands, the BCCI story offers a unique insight into the secretive world of big money politics.

INSIDE the Bank of England's massive building in the heart of the City of London lies a grassy courtyard, which the sun reaches at mid-morning. Around it stand the elegant parlours of the governor and his top officials, a place of polished mahogany, pink coat-tailed stewards and ticking clocks.

Early on July 2 this summer, the yard was basking in its customary peace. But the silence was not one of a smoothly functioning central bank. It was one of shock.

In an office on the east side of the yard, a dozen men were poring over a 45-page document, prepared by the Bank of Credit and Commerce International's auditors, Price Waterhouse.

Entitled "Report on Sandstorm SA under Section 41 of the Banking Act 1987" it told, in terse auditors' prose, how BCCI, code-named Sandstorm, had perpetrated frauds so large that it was impossible to calculate their size.

The assembled bank regulators, many of whom had flown in secretly only the day before from Luxembourg, the US, the Cayman Islands, France, Spain and Hong Kong, sat in silence for close on an hour as they digested this grisly document.

Whole chunks of BCCI's balance sheet were rotten: many loans were bad, even fictitious, and deposits had been plundered to conceal enormous losses.

Brian Quinn, the Bank of England's director of banking supervision - a silver-haired, compact Scot whose job it was to prevent the kind of disaster now staring him in the face at the head of the table. Never, in his 21-year career at the Bank, had he been exposed to fraud of this magnitude.

It was a sickening moment. The scale of the fraud may have come as a shock to them - but not the fact of it. For years BCCI had been tainted by scandal and controversy.

All through that morning and well into the afternoon, the men wrestled with appalling decisions.

They could wind the bank down, but that was impractical: the alleged fraudsters would take flight the moment they sensed trouble. They could shut the bank down at a stroke: that would secure the assets, but would cause a political storm.

A third course was consid-

ered. Quinn could fly to Abu Dhabi to see the one man in the world who could help: Sheikh Zayed bin Sultan al-Nahyan, the hawk-faced Ruler of Abu Dhabi. As the bank's 77 per cent shareholder, the oil-rich emirate was already preparing to refinance BCCI with a \$650m capital injection.

Could the Ruler be persuaded to cover the much greater losses revealed in the report? No. Quinn had already put off that option. Abu Dhabi was not to be invited to the meeting.

The reason was simple. PW said it understood that Abu Dhabi officials had known about BCCI's problems for some time. The Bank no longer trusted them. "The report fingered our interlocutors," said one official present.

At 4pm, the meeting took a vote. It was unanimous: a shutdown, and the sooner the better. They chose the following Friday, only three days away. It left them barely enough time to make arrangements.

At 1pm London time on July 5, the regulators swooped. In an unprecedented operation, within the space of a few hours, they shut down the better part of a bank with \$20bn of assets in 69 countries.

The following day, Quinn met the deputy governor, Eddie George. "Brilliant!" said George. But Quinn was more sanguine. "It'll be all right for the first 24 hours. Everyone will say what a great job we did. After that it'll be downhill all the way." So it has proved.

The questions come tumbling over each other. How could a bank have become so steeped in crime? How could it have got away with it for so long? Where did all the money go? Why was the bank not shut down years ago as its links with the terrorists, drug dealers and other undesirables became known? The Central Intelligence Agency did business with it. Why didn't it blow the whistle?

The trail uncovered by the FT leads through volumes of documents reaching into the innermost recesses of BCCI's affairs and the ponderous efforts of its auditors and regulators to bring it under control. It depicts a world of utter unreality.

Early BCCI memos contain lists of people Abedi wanted on his payroll: they include Paul Volcker, former chairman of the Federal Reserve, John Reed, chairman of Citicorp, the largest US bank, and Sir Kit McMahon, the then chairman of Midland Bank.

At the height of BCCI's cri-

sis, Agha Hasan Abedi, the bank's charismatic president, was struck down by two heart attacks and a stroke in succession. While recuperating from a heart transplant, he struggled on to a plane in his wheelchair and flew to Abu Dhabi to beg the Ruler to save his bank.

The Sheikh, a man with a refined sense of Arab protocol, did not think it right that a man in a wheelchair should come to him. So he went to see Abedi in the banker's suite in the InterContinental hotel, an almost unheard-of courtesy which speaks volumes for Abedi's lingering hold over his benefactor.

The nub of the meeting only lasted two-and-a-half minutes, but it was worth nearly \$1bn a minute. In that time the Ruler agreed to spend \$2.2bn to keep BCCI alive.

It is a trail on which money loses all meaning. No sums are significant unless they run into nine figures. All the important fraudulent transactions - the false loans, the stolen deposits, the nominee accounts - amount to several hundred million dollars each.

The final bill for BCCI is enormous. Judging by the PW report, BCCI was engaged in four major frauds.

One was a cover-up of \$633m of losses on treasury trading.

The second was the illegal acquisition of several banks in the US, on which it spent \$348m.

The third was a complex manipulation of accounts to prop up its largest borrower, the Gulf shipping group of Pakistan, to which it lent more than \$725m, which was over the limit set by banking regulations.

The fourth was a fundamental fraud by which BCCI allegedly acquired secret control of 56 per cent of its own shares at a cost of over \$500m. BCCI was a serpent eating its own tail.

These sums add up to more than \$2bn. But this is a minimum: it omits the enormous cost to BCCI of financing its secret losses. The manipulation to cover up the fraud involved another \$2bn, bringing the grand total to well over \$4bn.

The scale of the fraud is breathtaking enough. But while most frauds involve the disappearance of real money, BCCI did the exact opposite. It manufactured billions of dollars out of nothing to conceal gaping holes in its balance sheet, like a giant game of "Double Your Money".

The victims include the thousands of depositors and borrowers whose lives were shattered by the shutdown.

For these predominantly Asian customers, who had struggled against racial prejudice to succeed, and for the majority of BCCI's 14,000 staff, who were hard-working and honest, the bank offered something different. It understood their needs in a way rarely found in traditional clearing banks.

But the greatest victim, by far, is the tiny Gulf emirate of Abu Dhabi, which is today deeply humiliated and embittered by the whole affair.

By the FT's estimate, Abu Dhabi's exposure to BCCI and related entities amounts to \$9.4bn. This includes direct investment in BCCI, official deposits placed with the bank and the enormous cost of propping up BCCI as it tottered to its end.

Some of this may be recovered when the bank's remaining assets are liquidated - but most has gone for good. Even this immense sum amounts to only nine months' worth of the \$12bn that Abu Dhabi earns from oil sales each year. For Abu Dhabi, the loss of face has been far moreounding.

It is easy to be baffled by the scale and complexity of the BCCI saga. But it is better not to think of BCCI as a bank in the traditional sense.

BCCI was an outsider in a business whose rules are set by the large industrial countries of the west.

It came from a country - Pakistan - where banks traditionally involve themselves closely with their customers and play an important part in the political power game. It was fuelled by the enormous but unsophisticated wealth of the Arab oil world.

It was misunderstood by the western authorities, who even today are slow to presume that a bank wilfully engages in major fraud. It operated on and exploited - the crup of many ethical and business codes.

BCCI was shaped by a man - Abedi - who was both charismatic and devious. He was able to inspire people with his vision of a wholly new kind of bank that would finance trade with the Third World. But he dealt ruthlessly to achieve his goals.

"Honesty is magic," he once told his deeply respectful staff. Revealingly, he went on: "Money is helpful. Participation is power."

Abedi proclaimed the virtues of Islam, but his bank readily

diverted hundreds of millions of dollars of deposits from Islamic institutions to conceal its frauds.

He founded many charities, which earned him a reputation as a great philanthropist. One of them, the ICIG Foundation, was formed to "work for the relief of poverty, suffering, sickness, disease and distress among human beings in all parts of the world".

More than 99 per cent of the foundation's assets of \$34m was invested in shares in BCCI (which paid no cash dividends) and its Swiss affiliate, Babcock International and Dixons.

But its obsession with power and secrecy, and its amoral breeding ground for malpractice. As Abedi's vision soured, the contamination spread.

At that fatal meeting in Threadneedle Street, BCCI seemed ripe for closure. People had suspected it of wrongdoing for years. Here was the damning evidence. But

could it have been saved? Was BCCI, as Robin Leigh-Pemberton, governor of the Bank of England, told the Treasury and Civil Service committee of the House of Commons, a bank with a criminal culture that needed to be cleansed, root and branch? Or could the thousands of depositors have been spared once the chief perpetrators of the fraud had gone? Did the regulators move too slowly, only to jump too soon?

How much did Abu Dhabi know about the fraud and when did it know it? What is indisputable is that, by shutting BCCI down when they did, the authorities caused enormous damage to depositors and shareholders, while Abedi and his benchmark have yet to face the reckoning.

**On Monday: 'This bank would bribe God'**



From high rise to collapse: key players in the saga. Clockwise from top left: Sheikh Zayed; Agha Hasan Abedi; Syed Raziuddin Ali Akbar; General Noriega and partner in Las Vegas; Robin Leigh-Pemberton



The FT's team of journalists has been given access to confidential documents which shed new light on the closure of BCCI. It has conducted hundreds of hours of interviews in Europe, the US, the Cayman Islands, the Middle East and Pakistan.

The team, led by David Lascelles, Banking Editor for the past five years, included:

- Richard Donkin, who has followed the story since 1988
- Alan Friedman, the paper's award-winning US banking correspondent
- Christina Lamb, the only western reporter to interview Agha Hasan Abedi since the bank's closure
- Richard Tomkins, in Abu Dhabi
- Bernard Simon, Cayman Islands
- Chris Tighe, and Jimmy Burns, on the victims
- James Buxton, the Western Isles
- Stephen Fidler, Latin America
- Richard Waters, The City

Ultimately, sible people ir money in ling Society

**Secrecy from the outset**

27 B.C.C. Investment Holding Company, thousand shares	1,000
28 B.C.C. Investment Holding Company, 100 thousand shares	1,000
29 Bank of America N.T. & S.A., ten thousand shares	10,000
30 Bank of America N.T. & S.A., two thousand five hundred shares	2,500
31 Geoffrey Robert Edward Wallis, one share	1
32 W. J. Jacques B.C.C. 100,000 shares	100,000
33 W. J. Jacques B.C.C. 100,000 shares	100,000

BCCI engaged in dissemination from the outset. When the bank was first registered as a company in Luxembourg in 1972, its largest shareholder was an obscure solicitor from the south London suburb of Bromley, Geoffrey Robert Edward Wallis, who has since died, held 17,499 of the 50,000 original shares, giving him a 35 per cent stake.

Wallis was a close friend of BCCI's charismatic president, Agha Hasan Abedi, and acted as his legal adviser.

Michael Wachsmann, senior partner of Wallis's firm, said Wallis was acting as a nominee for other shareholders in BCCI whose identities and sources of finance have never been disclosed.

Barry Riley's Long View column moves to the back page this week only

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## FINANCE AND THE FAMILY

# In search of riches overseas

John Authers and Philip Coggan  
on how small investors can get exposure to international markets

**D**IVERSIFICATION is the name of the safe investment game.

That means placing some of your equity holdings overseas, since returns from the world's major stock markets can vary substantially in any one year. Many may choose to make the move because of the political uncertainty in the UK. However, nobody should take on foreign investment unadvised and it is vital to choose your market with care.

Buying shares of overseas companies directly is now relatively easy, but expensive. Stockbrokers will normally impose a handling charge, but since overseas shares tend to be in bearer form and thus need to be safeguarded and dividends need to be claimed.

In addition, many overseas shares have high nominal values - one share in Nestlé, the Swiss food company, currently costs more than £3,000. That can make it difficult to invest small sums. Keith Smith, associate director of broker Gerard Whelan Gray, says that private clients should really look to invest at least £5,000 per company.

Collective funds, either an investment or unit trust, are probably best. But even fund managers find it more difficult to invest overseas than in the UK.

Dick Barfield, investment manager of Standard Life, says the costs of both dealing in and holding securities tend to be higher overseas. Also, overseas funds employ more people per pound invested than UK funds, and the travelling costs incurred are considerable.

It is therefore more difficult for internationally-invested funds to deliver good perfor-

mance than it is for UK-based funds. This applies especially to individual investors.

What points should you look for when choosing an overseas sector?

■ **The exchange rate.** Fluctuations can nullify all the investment performance your fund manager has delivered. If the yen is expected to weaken against sterling, you might not be well advised to invest in Japan. Gains on the Japanese market could be wiped out by a currency readjustment.

■ **Interest rates.** Falling interest rates stimulate an economy and stock markets usually benefit accordingly. But the best time to invest is normally when interest rates are high, but are ready to fall. Judging this takes nerve, but it is vital if you want to buy when the market is at the bottom.

■ **Market valuations.** The same principles apply as for shares or shares in an "international" fund. These are obliged to diversify globally. According to Micropal, the average International Equity Growth unit trust grew by 248.5 per cent over the last ten years.

You can also gain exposure to foreign markets by buying stocks in UK companies. According to Barclays de Zoete Wedd, 41 per cent of the earnings of UK industrial companies come from overseas.

However, Simon Toynbee, of Mercury Fund Managers, suggests it is best to invest in a foreign market directly, if you want fully to benefit from international diversification.

■ **Dividends.** Overseas shares tend to trade on much lower dividend yields than those in the UK, which means investors will face a cut in income if they diversify abroad. How-



ever, possibilities for income growth may be better than in the UK.

None of this is simple, so you should rely on a collective fund manager. If you really want diversification you can play safe by buying units or shares in an "international" fund. These are obliged to diversify globally.

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■ **Dividends.** Overseas shares tend to trade on much lower dividend yields than those in the UK, which means investors will face a cut in income if they diversify abroad. How-

the worst fears about the economic effects of the Gulf crisis have evaporated. The first three months of the year were the best with falling interest rates and inflation combining with the end of the war to boost share prices.

The momentum slowed during the summer and early autumn, as doubts about the US recovery, the Bundesbank's response to the costs of German reunification and financial scandals in Japan combined to give investors pause for thought.

By the end of October, the FT-A World Index had risen 14.3 per cent in US dollar terms, and 28.1 per cent in sterling terms over the ten months to November 1991. Of the individual markets, Mexico (up 131.7 per cent in local currency terms) has been the leader and Austria (down 13.2 per cent) the laggard.

The main trend of 1991 has been that the Anglo-Saxon economies of the US and UK have been out of sync with other major economies. The Anglo-Saxons are in the throes of recession, and shares have risen in anticipation of the 1992

recovery; in contrast, the economies of Germany and Japan seem to be slowing.

The key questions for 1992 are whether stock markets have been too optimistic about US and the UK, and too pessimistic about Germany and Japan.

## German union to bring dividends?

GERMAN reunification dominates discussion of European markets. In the long-term, most agree that it should provide a stimulus to Western European markets.

But in the short-term, it destabilises the continent's most powerful economy and keeps German interest rates high. Taking advantage of the German situation needs courage, and good analysis.

Reunification delivered a fiscal boom just as the rest of the continent was going into recession. Then the Bundesbank raised interest rates to fight off the unaccustomed inflationary pressures which resulted. Now, share prices across the continent leap and fall at the words

of Helmut Schlesinger, the bank's new president.

Crucially, opinion differs on whether the German bank rate's next move will be upwards or downwards. The bank's determination to drive inflation down to 2 per cent had led many to anticipate a rise this week. In the event, Schlesinger announced that he did not want to raise rates in the near future. This was music to many dealers' ears.

If German interest rates have peaked, then Europe could be about to deliver strong growth. The Standard Life view is bullish: "At the moment German stocks are looking cheap, and it seems silly not to be there." However, Barfield makes clear that it is necessary to take a medium-term view. Toynbee agrees that ratings look very good in the German market compared with the multiples elsewhere. He also applies a caveat on short-term prospects.

The pattern of high real (minus inflation) interest rates is common across Europe. France, with real interest rates approaching 7 per cent, appears to offer good value.

Rates this high seem unsustainable in the long term, say many commentators. Peter Oppenheimer, chief economic strategist for Hambros, likes the value on offer there.

Britain's membership of the European exchange rate mechanism alleviates many exchange rate worries, although it has not greatly affected investment strategies.

Unit trusts have barely risen over the past year and over five years average growth is a poor 13.3 per cent. However, over 10 years Micropal shows average growth of 413.8 per cent.

## Far East: the case for growth

THE long term arguments for investing in the Far East are more regularly advanced on behalf of the other Far Eastern economies rather than of Japan.

Fortunes have been made on the back of the Japanese economy's strong performance. In the 1980s, the Nikkei-Dow and the Dow-Jones indices were both trading at 1,000. Since then the Japanese market has risen as far as 38,000 - and is still over 24,000 - while the US index has struggled to 3,000.

Nowadays, these arguments are more regularly advanced on behalf of the other Far Eastern economies rather than of Japan.

Tokyo has been hit by scandals and by a reaction to the stratospheric price-earnings ratios on which Japanese stocks were trading at the height of the bull market.

Perhaps the reaction has been overdone. Michael Hart, joint manager of the Foreign & Colonial Investment Trust, says: "The market had such a tremendous decline that there is the possibility of quite a good recovery, but we are confining our purchases to the sporting companies, which are on lower earnings multiples."

Nils Taube, chairman of J Rothschild Investment Management, says: "The yen looks very attractive and the Tokyo market could follow it up."

The other Far Eastern markets can have periods of excellent outperformance but are volatile and illiquid. Small investors should confine holdings to one of the regional collective funds.

Over five years, the average Japanese unit trust is up 41.9 per cent; the average Far East (including Japan) fund up 31.4 per cent; and the average Far East (excl Japan) trust up 49 per cent.

## The US: cause for concern

INSTITUTIONAL investors are worried by the prospects for equity markets in the US. Interest rates are at their lowest for more than a decade, suggesting that the authorities may have primed the pump as much as they can. The economy, having led the world into recession, is still not showing any convincing signs of leading it out. Stocks surged earlier this year and may have no further to go.

The recovery in confidence also lifted the bond market, and made equities look relatively cheap. Now, p/e ratios are very high, reflecting optimistic forecasts for corporate earnings growth next year.

Many UK analysts are sceptical. The view of Michael Hart, of Foreign & Colonial, is typical: "We are a little bit nervous about the US at present, given the current ratings. There is hope longer term, however, with interest rates coming down and the possibility of the inflation numbers remaining quite favourable and the potential for a pick-up in earnings."

Exchange rates might offer some encouragement to UK investors. According to Oppenheimer, "There are some reasons for thinking that the dollar may strengthen again." Although he thinks the Federal Reserve will try to maintain interest rates at their current level, rates could increase again, just as German rates began to fall. That should help the dollar to appreciate which would be good news for anyone investing in the US via a sterling-denominated fund.

Hambros has decreased its weighting in the US this year, but it is still not underweight. Another point made by Oppenheimer is that markets usually show two stages to a recovery - the first is characterised by a bond market rally and a re-rating of equities, once the slump in economic growth has reached its bottom. This predicts earnings growth.

However, equity prices should also rise in a second phase, when earnings growth actually arrives. This phase might yet come in the US.

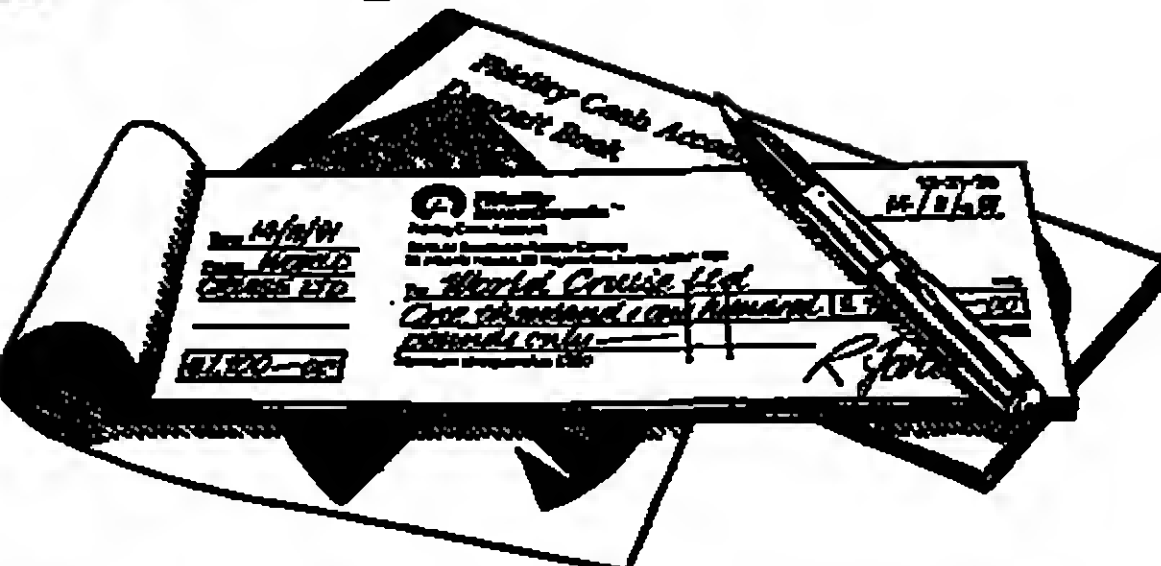
Certainly, long-term US performance still looks unimpressive in spite of the recovery over the last year. Micropal figures show that North American unit trusts have risen by 44.8 per cent over the last year, but by only 21.7 per cent over the last five.

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## FINANCE AND THE FAMILY

How to... deal with rights issues

## When to part with your money

**P**PRIVATE investors probably made up the majority of those few shareholders who took up the recent British Aerospace rights issue. They agreed to do so at 30p, even though they could have bought BAE shares in the market at 30p, the day before the issue closed.

The offer showed how private investors can be caught out by rights issues. They may not understand what a rights issue is. Or they may not have the money to take up their rights. And even if they have the cash, it can be hard to gauge whether taking up the rights is a good idea.

What is a rights issue? A rights issue occurs when a company issues new shares to raise additional capital. It might want to open a new factory, or make an acquisition. Alternatively, it may simply want to raise money to pay off its debts.

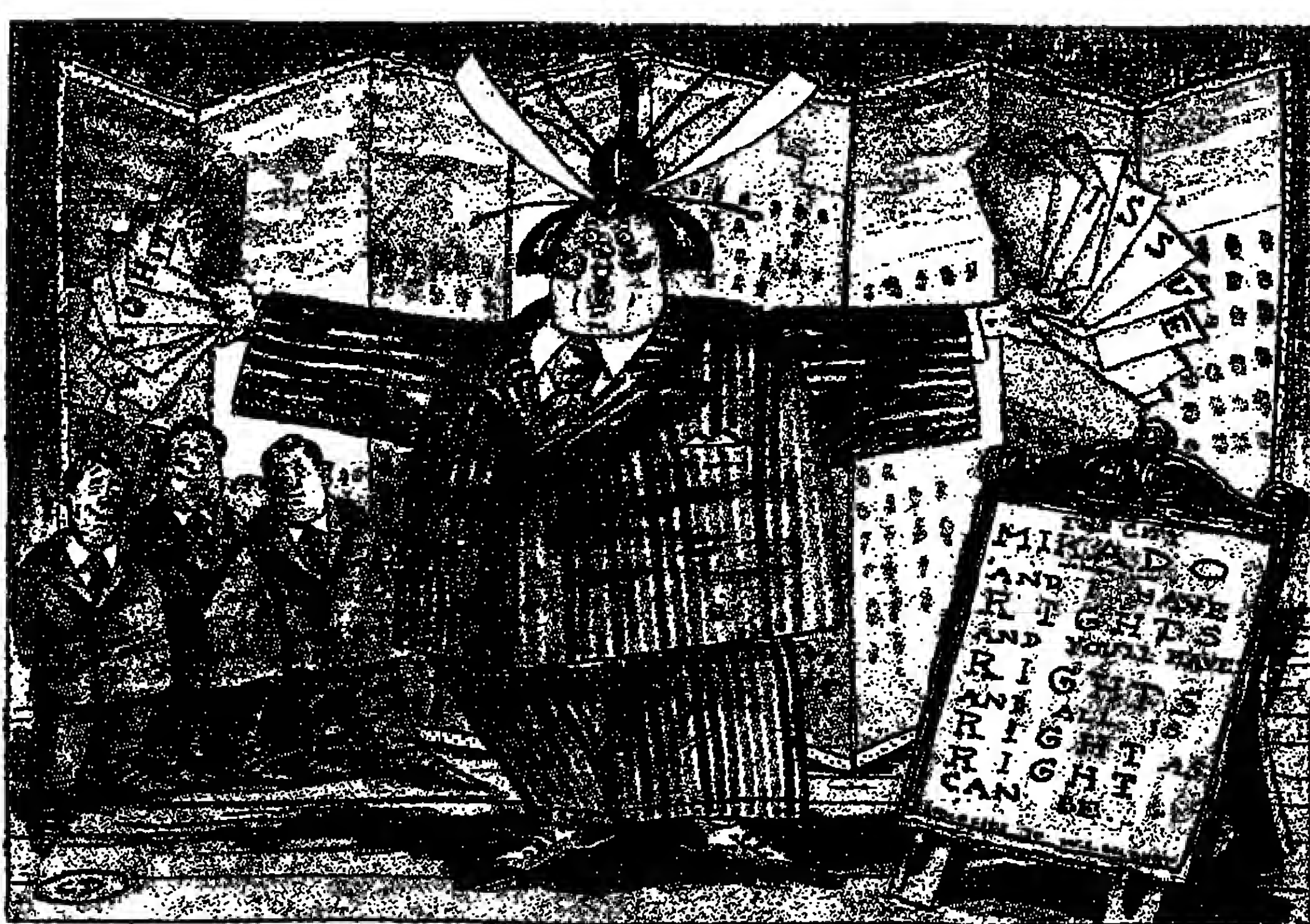
The term "rights issue" is used because, in the UK, existing shareholders have first claim - pre-emption rights in the jargon - over new shares that companies issue.

Under a rights issue, existing shareholders are offered new shares in proportion to their current holdings. They may be offered, for example, one new share for every four they already own, a so-called one-for-four issue.

The discount Rights shares will be offered at a discount to prevailing market prices, an incentive for investors to buy the shares. To a large extent, this "bargain" is an illusion. The heavier the discount on the new shares, the more the price of the existing shares is likely to fall.

Take, for example, a company valued at £100m, with 100m shares trading at 100p each. The company attempts to raise £20m via the issue of 100m shares at 60p each - a one-for-one issue. An investor with 10,000 shares (worth £10,000) is convinced to take up his rights, at a cost of £6,000.

One can work out the theoretical "ex-rights" price of the shares. The company should be worth £120m (£100m + £20m) after the issue, and with 200m shares in issue, each share should be worth 60p (£120m ÷ 200m). Our individual investor will now have



20,000 shares at 60p, making his holding worth £12,000. He has made no gain or loss.

There is no certainty that the shares will trade at the theoretical price. The market could be so impressed by the company's expansion plans, or so depressed by its difficulties, that the price could vary from the theoretical level. Nevertheless, investors should not be deceived into feeling they are getting a bargain.

If investors do not want to take up their rights, they can sell them to someone else. These so-called "nil-paid rights" will have a value if the market price of the shares is above the rights price.

So in our example, if the shares trade at the theoretical ex-rights price

of 80p, the nil-paid rights should be worth 20p (80p-60p). Had our investor sold his nil-paid, he would have received 10,000 × 20p, or £2,000. But his existing holding of 10,000 shares would have fallen in value from £10,000 to £8,000. Thus the sale of the nil-paid rights should compensate for any dilution of his current holding. This is one reason why shareholders like the pre-emption rights system.

Rights issues are also popular with institutions because they receive a commission for underwriting them - agreeing to buy the shares if existing holders do not.

Some companies avoid underwriting by issuing rights shares at a deep discount. But this can be a sign of weakness rather than strength, if the

company was unable to persuade institutions to underwrite the issue. Private investor strategies

So what should the private investor do when faced with a rights issue? The first thing to discover is whether you have enough money available to take up your rights. If not, then you have three choices:

■ You can wait until the issue closes. The company will attempt to place, with outside shareholders, any shares not taken up. If they do this at a premium to the rights price, the surplus is shared between the shareholders who did not take up their rights.

The risk is that a fall in the stock market might jeopardise the success of the rights issue, and cause the market price to fall below the rights price.

■ You could sell your nil paid rights in the market. To do so, sign the allotment letter and sell it via a stockbroker. But there are risks. Brian Tora, of broker Greig Middleton, says a signed allotment letter becomes a bearer security and thus there would be problems if the letter was lost.

If the investor has a small holding, then he or she could find that commission will eat a lot of the proceeds of the nil paid rights sale. With minimum commissions of £30 to £40 quite common, the potential proceeds need to be a few hundred pounds to make the sale of nil paid worthwhile, according to Peter Clark, a director of brokers Bell Lawrie White.

■ The same caveat applies to the third strategy - to take up part of your rights without investing any more cash. This is achieved by selling sufficient "nil paid" rights to raise enough money to pay for the take-up. A complex calculation is needed to work out the proportions involved - a stockbroker should be consulted.

Selling the nil-paid rights could land the investor with a capital gains tax liability, if the proceeds are greater than 5 per cent of the market value of your holdings.

Taking up your rights Even if you have the money to take up your rights, you should think carefully before you do so. Factors you should consider are:

■ Why is the company making the issue? If it is expanding, do its plans make sense to you? If it is raising the money to get out of trouble, would you be throwing good money after bad? Take advice, where possible, from a stockbroker.

■ How does the market price relate to the rights price? You should monitor this very carefully to avoid the BAE problem. It helps to wait until the last minute before deciding.

Finally, if you decide to take up your rights, you just need to send off a cheque with the allotment letter to the specified address at the set date.

Philip Coggan

## Unit trusts fall out of favour

**U**NIT TRUST sales surged in 1986. More than 150 new trusts were created and the number of unitholder accounts rose from 2.55m to 3.41m. Net investment in the sector was £5.33bn that year, more than double the total for 1985.

But most investors who plunged into the sector in 1986 have had a pretty raw deal. According to figures from Microtel, the average trust returned just 38.25 per cent over the five years (offer-to-bid with income reinvested).

Had investors simply placed their money in a Halifax Building Society 90 day savings account, they would have made 51 per cent (on £5,000).

So the Unit Trust Association, which had its annual dinner this week, needs to work hard to market its wares. Despite the problems of Town & Country, the British savers does not need to agonise over which building society to choose. The differences in returns will not be that great.

But the investor faces a much harder task when choosing between the 1,400 or so unit trusts. Over five years, his potential return varied between +190 per cent (Schroder Japanese Smaller Companies) and -68 per cent (Target Australian). Out of the 791 funds with a five year record,

more than 60 lost the unitholder money, even with income reinvested.

Even when investors are persuaded to opt for equity-based savings, they are increasingly choosing investment trusts. Such trusts achieved a 67.28 per cent average gain over the last five years.

It may take a year before the unit trust industry has an attractive story to tell. By November 1992, the stock market crash of October 1987 will have dropped out of the five year performance figures.

The problem for the industry is that it is not allowed to make predictions of investment returns, only to refer to past performance. Yet it is almost certain that those who buy unit trusts now will do far better than those who bought in November 1986.

Then the yield on the All-Share was 4 per cent now it is around 4.8 per cent. In other words, the income return from investing in equities is more attractive than it was five years ago; not to mention the fact that the dividend yield is higher than inflation. The relationship between gilt and equity yields - the so-called yield ratio - was then 2.6; now it is only 2. That indicates that equities currently look much less expensive relative to gilts. Of course, there are worries.

## Best unit trusts over five years

	% gain
Schroder Jap SmCos	290.2
Newton Income	267.0
NM Australian	265.6
NM Jap SmCos	265.5
Dunedin Jap SmCos	236.4
Guin Mahon HI Inc	231.2
Laurentian HI Inc	219.4
SG Energy	216.1
Fidelity Euro	201.9
Eagle Star UK HI Inc	200.3

Offer-to-bid with income reinvested over five years to November 1. Source: Microtel.

The stock market may have proved to be over-confident about the strength of the UK economic recovery and could get the jitters as the general election draws closer. London may also suffer if the US market declines.

But it seems plausible to argue that, at the least, this ought to be a good time to start a unit trust savings scheme. Building up such schemes may be a slow process, but it does help fund managers by providing a stable inflow of funds.

In the savings scheme market, unit trusts are competing head-on against investment trusts, which tend to have lower costs. However, there is a chance that a widening of discounts in the investment trust sector could follow the recent spate of new issues. If that happens, unit trusts could regain favour. And if products such as Fidelity's chequing cash unit trust take off (see page 12), the industry may have a better story to tell in 1992.

Philip Coggan

## Enterprise zones: a tax break for the bold

**T**HE SHELTER from tax which enterprise zones can provide is diminishing. By the end of this tax year the ten original zones, created in 1981, will have expired, having completed their ten year term, and most of the remaining 17 zones are nearing maturity.

This could dampen what would otherwise be brisk business. Enterprise zones offer the most sweeping tax shelter opportunities allowed. Money invested in EZ property is deducted from taxable income, and (unlike the Business Expansion Scheme) there is no limit on the amount which can be spent. Interest payments on loans to finance the investment can be offset against rental income for tax purposes.

However, EZ investment is difficult. The tax breaks are only allowed for non-residential property, and investors must commit themselves to a 25-year term (although there are a few complications ways around this). Managing commercial property is difficult and expensive. It is not a flexible investment.

The simplest way to invest is

via a syndicated scheme, or "Enterprise Zone Trust". This allows investors to buy a share of a building which might otherwise be too expensive. The management is done for you.

However, the exit route can be messy - if you want to get out but the majority of the EZT holders do not, things could get awkward.

Now that EZ tax concessions are nearing an end, EZTs are becoming more ingenious and investing in more unusual properties.

The new scheme from Laser Richmond, which will buy a four star hotel in the Dudley enterprise zone, is a case in point. It is the first EZT to buy a hotel, and the exit route is also innovative. Copthorne Hotels will rent the building for a pre-agreed rent. A series of options has been set up to try to provide a safe exit route. Copthorne has call options allowing it to buy at fixed prices after 12, 17, 21 and 27 years. Investors have a put option guaranteeing the sale of the hotel to Copthorne on September 29 2018 at a price of £19,500 for each £5,100 originally invested, post-tax relief.

Remember that the put option will be useless if the company no longer exists.

Another trust comes from Matrix, a new entrant to the market. The Matrix Unison Trust will buy an industrial property in the Salford enterprise zone. It is aiming for a 12.2 per cent post-tax rental return. Unlike most EZTs, it is an industrial property, in an industrial area, so it is less speculative. The property has not yet been let.

Do not get carried away by the generosity of the tax incentives - exploiting the tight web of British tax laws is not for the faint-hearted. Professional advice is vital.

John Authors

## Directors' Transactions

IT WAS a quiet week with directors' purchases outweighing sales over the period and indeed over the month of October as a whole. The ratio of buys to sells remains bullish at 1.4 to 1, with property and engineering the most heavily-bought sectors.

Winidor, the insurance company, has recently appointed two new directors to the board, one as chief executive and the other as managing director. These two plus the chairman and several staff members bought the bulk of Wyat Properties' stake from the receiver.

HTV has frequently been mentioned in this column over the last few months with ten

directors buying at between 38p and 40p. The winning of the franchise and the announcement of a cost cutting exercise has been followed by Lady Buchanan, a non-executive director, purchasing a substantial amount of shares. Sir Anthony Bamford has bought a notable quantity of shares in Farmax.

Alan Fitzpatrick, a founder of In Shops and now a non-executive director, sold 1m shares at 103p last year; the price fell to 79p before recovering. A recent sale by the same director reduces his holding to 4.2m shares.

Angus MacDonald, Directors Ltd

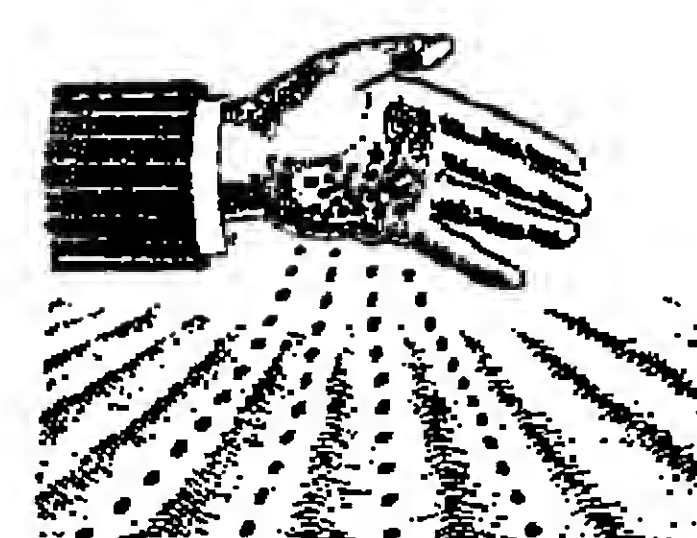
## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Shares	Value	No of directors
SALES			
Allied Textiles Co.	2,640	12	1
Castle Com'catons	6,000	13	1
Eurotherm Int'l.	20,000	59	1
Guinness	50,000	277	1
Halehead (James)	7,000	26	1
In Shops	1,500,000	1,275	1
McAlpine (Alfred)	28,563	58	1
Porvair	75,000	95	1
Read Int'l.	27,000	136	1
PURCHASES			
Barbour Index	6,880	11	1
BM Group	25,000	107	1
Catie's Holdings	20,000	14	1
HTV	50,000	22	1
Int'l Inv Trust Comp.	2,500	10	1
Palon	92,000	320	1
Tamworth	200,000	182	3
Winidor	1,500,000	182	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (\*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 28 October - 1 November 1991.

Source: Directus Ltd, Edinburgh

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## FOOD AND DRINK

# When the British know best

Jancis Robinson meets a Breton couple whose wine appeals more to the UK than France

**W**HAT SORT of a wine would find itself far more popular in Britain than in its homeland, France, selling four out of every five bottles produced to the British? No, not Pinot d'Or, the wine writers' Aunt Sally. This is a proper, domaine-bottled wine made on a single, identifiable patch of French soil at the end of a dirt track where very few British feet have trod.

Domaine de Limbardie's success in Britain is all the more extraordinary when one considers three factors:

- that it is one of literally thousands of small wine properties in the Hérault department, where the big problem is wine surplus;
- that the property's first vintage was in 1997;
- that its owners speak hardly a word of English and made their first trip to Britain only last July. This was long after their wine had

become a firm favourite with customers of such discerning merchants as: The Wine Society, Stevenage, Herts; Davisons, Adnams of Colchester, Essex; Tanners of Shrewsbury, Shropshire; and, in London, Fulham Road Wine Centre of SW10, Barons Wine Shop of SW13, Morris & Verdin of SW1 and Haynes Hanson & Clark of SW6.

Henri Boukandoura and Madeleine Hutin are originally from Brittany. As students they used to trek south for the grape harvest year after year, and realised that life as vignerons would allow them a rare opportunity to produce, mar-

ket and sell something completely natural. Their friends, the Teisserencs, of Arjolle, (whose well-made wines are also available from the Wine Society, Adnams and Justini & Brooks of Edinburgh and St James's, London and ) heard of a small local property for rent just outside the St Chinian appellation.

Boukandoura claims they are pleased to be free of the constraints of the *Appellation Contrôlée* regulations even if the French are prejudiced against non-appellation wines. "Here you can't take a bottle of Vin de Pays des Coteaux de Murviel to dinner; it has to be Bordeaux," he says.

The property, on the sun-baked plain between Beziers and the Cévennes, came complete with its own cool, if somewhat dilapidated, winery. But, more extraordinary than providing ready-made vats for these fledgling winemakers to play with, was that superior grape varieties, notably Merlot and a bit of Cabernet Sauvignon, were planted as far back as 1981 - almost prehistory as far as the quality explosion of the Midi's Vins de Pays is concerned. This has given Boukandoura and Hutin a head start in the drive to provide southern copies of Bordeaux at a fraction of the price.

British wine merchants charge about £3.75 for the red wines of Domaine de Limbardie. (Although the capital letters on the label do not make this clear, the last syllable rhymes with "they" rather than "he", which is appropriate since this couple give the impression that every step they take is the result of detailed and equitable discussion.)

The reds, quite rightly, vary from year to year - and the current 1990 vintage is leaner and more herbaceous than its predecessors thanks to the Cabernet that bulks out the more usual Merlot. They demonstrate eloquently that you do not need formal training, oak barrels, stainless steel, hand picking or even

a hillside site to make seriously good, supple wine.

The couple also make a popular fruity rose by bleeding off a Syrah/Grenache blend and are desperately, and quite needlessly, ashamed of a lesser red, a Carignan/Grenache blend called Domaine de la Masotte selling well at about £3.30 a bottle chez Davisons, Adnams and Morris & Verdin.

The key to this enviable British distribution network is Charles Blagden, an English wine broker who had the good sense to marry a Frenchwoman and settle in Provence years before Peter Mayle. He tasted a sample of their maiden 1987

vintage and his only problem since then has been matching demand. "It is rare", he remembers, "that you find someone who has never exported anything before and makes such good wine." Domaine de Limbardie is nowadays recommended in the French wine buyer's bible, *Guide Hachette*.

The irony is that, as Blagden turns away orders, half of Domaine de Limbardie's 30 hectares stand unplanted because the owners took advantage of the bribes from Brussels that have for the last few years encouraged Midi vine growers to pull up their vines to reduce Europe's wine surplus.

The Breton couple, originally and optimistically, planned to combine winemaking with running a riding centre. A picture of a frisky but phantom horse on their label is as far as they have got, but it probably has not done them any harm in capturing the attention and enthusiasm of the British.

## Capital eating at digestible prices

Nicholas Lander looks at what is interesting and good value on the London restaurant scene

**I**F TIMES are so bad and restaurants complaining so loudly, why is it still difficult to make a reservation wherever and whenever you want? This is such a simple question that no observer on today's restaurant scene can give a straightforward answer.

There are certain restaurants doing more than enough to stay busy: they have found a good location, they serve interesting, well-priced food and their proprietors work hard to please customers and manage staff.

Restaurants which have opened recently may have attracted press coverage as well as clients who like to visit a new establishment just to say they have been.

The number of new restaurants that has opened is not, however, a reflection of the present state of the industry's profitability. Restaurants take a long time to translate from conception to reality, whether they are designed down to the last detail, such as Sir Terence Conran's new venture near Tower Bridge, Le Pont de la

Tour (tel: 071-403 8403), or whether they aim to be good neighbourhood restaurants, such as The Brackenbury near Shepherd's Bush (081-748 0107).

Conran and his partner, Joel Kissin, first started planning their 190-seater restaurant three years ago, almost at the same time as Adam and Katie Robinson began dreaming of their place. The Brackenbury seats 65 and has opened now only because the Robinsons signed their lease in the middle of the Gulf War - in spite of professional advice to the contrary.

There are two preferred seasons for opening: spring is favoured by some but most restaurants and their backers go for autumn, with the prospect of rich pre-Christmas pickings.

Generally speaking, nearly all restaurants are finding that although business can be very good, it can also be very uneven. A busy Tuesday will not necessarily mean a hectic Wednesday and this presents management problems. It means that if you cannot book a table midweek, try the nor-

mally quieter Monday or Friday night.

Second, the number of empty restaurants, and the general lack of confidence among potential investors, has forced the shelving of plans for many new establishments. For reviewers, and for those who like to visit restaurants in their infancy, 1992 is likely to be a quiet year.

Nonetheless, London has its share of new and interesting places. Here is a guide to some of the most reliable (all phone numbers take the 071 prefix unless stated):

**HOTELS:** These offer some of the best value at lunchtime - particularly if you like space between tables and constant attention. The re-opened Dorchester in Park Lane offers a 220 set menu in its Oriental restaurant (829-8888); along Piccadilly, the Oak Room at Le Meridien (734-3000) offers lunch at £23 and in the evening a "menu gourmand" devised by Michel Lorrain, the three-star chef from Burgundy, at £44.

Also good value are the dining rooms at the Capital, Basil Street, SW1 (589-5171), the Four



Adam and Katie Robinson, with their baby, Adelaide, outside their restaurant, The Brackenbury, in Shepherd's Bush

Seasons at the Inn on the Park (490-0888), and the transformed restaurant at the Churchill (486-5300).

**WEST END:** Alastair Little now has a three-course lunch menu for £18 (734-5183) and, further along Fifth Street, there is a £17 menu at L'Hippocampe (734-4545) which also offers a dozen oysters at £7.95.

**La Galette** is an interesting Mauritian fish restaurant in Cleveland Street (580-7608); L'Estaminet (379-1432) has just opened opposite the Garrick Club; Soho Soho has had a £500,000 facelift (494-3941); and

Smith's in Covent Garden has a new chef (379-0310).

For Indian food, there is Lal Qila (387-5470); and, for Japanese, the restaurant in the basement of the Mitsukoshi department store (930-0317) is worth a visit. For a mixture of Japanese and French, try the new, plush Mirabelle (499-4636); for Thai cooking, the Sri Siam in Old Compton Street (434-3544). Close to Harley Street, Jason Court (224-2992) has a new chef and interior and a fresh lease of life.

**THE RIVER:** In spite of the Thames bisecting London, few

restaurants have river views. The most impressive is still from the Savoy Hotel's River Room (856-4343), but others close to the river which can be recommended include the River Café (378-7031), Café Felican du Sud in Hays Galleria (378-0097) and, nearby, Circle East (434-2996) which serves Malaysian/Thai food. Close to Waterloo Bridge is the RSJ (928-4554); while in London's last private dock, Ransome's Dock at Battersea, Le Chausson (233-1611) is run by Eric Marin and his Irish fiancée,

Carol.

**THE CITY:** Recent cost-cutting at both corporate and personal level have taken their toll, mainly of old-fashioned restaurants which continue to offer good value are Alba (588-1798), Brasserie Rogue in Broadgate (638-7819), La Truffe Noire (378-0621), and Café du Marché (608-1608). Towards the north of the City, the food in Farringdon Road has improved dramatically since the opening of the Quality Chop House (337-5063) and, almost opposite,

of the Eagle (837-1353), a pub which serves excellent Italian food with a wide range of beers but does not take bookings.

**NEIGHBOURHOOD RESTAURANTS:** Adams Café in Shepherd's Bush, (081-743 0572) is by day a simple café, by night a most reasonably-priced Tunisian restaurant. In Portobello Road, Notting Hill Gate, W11, there is First Floor (243-0072); in South Kensington, Gilbert's (588-8947); and, in Chelsea, Monkeys (352-1711).

Near Primrose Hill, in NW1, there is Odette's (588-5498); while on the Finchley Road, in north London, you will find Laurent (794-3603) for Moroccan food and Wakaba for Japanese food-lovers (722-3354).

For exciting Italian food, the choice is now much wider: the Billboard Café in Kilburn High Road, NW6 (328-1374); Florians of Muswell Hill (081-345 8349); Osteria Antica Bologna, Clapham (978-4771); Riva in Barnes (081-748 0434); and a recently-opened Italian fish restaurant, L'Altro (792-1066), in Kensington Park Road, Hammersmith.

For the warmth of the welcome, the cooking and the delicatessen next door, there is Sonny's in Barnes (081-748 0550); and, for inventive cooking, Bistrot 190 near the Albert Hall (581-5666 - no bookings taken). More conservative French food with a wide-ranging wine list is available in the revamped Milanou, Ebury Street SW1 (730-4089). For those who live around W8, or for anyone who likes to eat in one of London's most charming parts, there is the Belvedere in Holland Park (602-1238) which opened in July after a £1m face-lift.

Festive food buys/Philippa Davenport

## Meats and other treats for Christmas

**C**HRISTMAS hampers are like the curate's egg, excellent in parts. Given that tastes are so personal, it is unlikely that any hamper contains will appeal to any one person. There is something sadly anonymous about those wicker coffers and baskets, a hint of the Lady Bountiful about them and a touch of the tumbler too. I would much rather give - and receive - an individual parcel of good food sent direct from producer to recipient with no wicker-hampered middleman.

Dealing direct means the present can be tailored precisely to the tastes of the recipient - nothing but chocolates for the chocoholic, beautifully hung and butchered meats for the old-fashioned carnivore, and so on. Billy Bunter quantities of just one thing set the saliva spritzing. The pleasure and excitement of opening, say, a crate of your favourite apples, a barrel of oysters or a truckle of cheese, is much greater than dipping into a brant-mix with a little of this and a bit of that.

Here are some suggestions for items which seem splendidly indulgent and have a proper sense of Christmas excess about them - although most are more modestly priced than many a mediocre hamper.

There is space only to give a small taste of what each company offers. Ring or write to the company concerned enclosing a SAE for full details. Do not leave it until the 11th hour. Most companies cannot meet Christmas orders placed after December 9, and the sooner you contact them to order the

more successful you are likely to be. Deliveries can be worked out to suit individual requirements, and messages of greeting can be enclosed with parcels intended as gifts. The phrase p.p.p. given below refers to delivery by whatever means the company uses.

Delivery by special courier has already established itself as a highly satisfactory way to buy top quality meats for Christmas - Judy Goodman of Goodman's Geese (Great Witley, Worcs WR6 6JJ tel: 0299-866722) is well-known for the excellence of her white-feathered, golden-skinned and organic-farmed geese and Charlotte Reynolds of Swaddies Green Farm (Buckland St Mary, Chard TA20 3JR tel: 0480-234387) win applause for their Droversome American and so on. Billy Bunter quantities of just one thing set the saliva spritzing. The pleasure and excitement of opening, say, a crate of your favourite apples, a barrel of oysters or a truckle of cheese, is much greater than dipping into a brant-mix with a little of this and a bit of that.

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The very latest meat delivery service launched this week is Highland Venison (Granton-on-Spey Morayshire PH2 5BBR tel: 0478-2626). Its wild meat is the produce of a consortium of Scottish estates.

■ Crapes Fruit Farm, Rectory Rd, Aldham, Colchester CO6 3RR Tel: 0206 212375. The Tann family have been growing fine fruits for nearly 70 years and are famed for their apples.

Their most popular Christmas present is a 5 lb box of apples chosen for their keeping qualities, a mixture (all labelled) including old favourites such as Ribston Pippin, Orleans Reinette, Kidd's Orange Red, D'Arcy Spice and some surprises. Cost: £7.50 inc p.p.p. Other unusual apples not available in quantity, and medlars, are also on sale now - but not at Christmas - to personal shoppers only.

■ Meg Rivers Cakes, Middle Tysoe, Warwickshire CV35 0SE. Tel: 0225-888101. Here are cakes as you would bake them yourself - if you had the time - made with butter, free range eggs, raw sugar and organic flour, no marg or nasty E num-

*'Go for Billy Bunter quantities of your food favourite'*

bers. Christmas cakes and puddings come in many variations to suit all tastes. Other cakes include seed cake, ginger cake and "loaf cakes" packed solid with whole nuts and apricots or dates, a meal-sauce just right for slipping into the pockets of huntin', shootin' and fishin' folk. Average cost: £11.50 per 1 kg cake inc p.p.p.

■ Wendy Brandon, 110 Stamford Avenue, Brighton BN1 6PE. Tel: 0273 822947. Marvellous hand-made preserves, classic and innovative recipes, high on flavour, low on sugar and salt. Current favourites for the well-dressed larder, better breakfasts and Christmas cold table include gingered fig chutney, hot tomato pickle (smooth Indian-style made with oil), *mostarda di frutta*, Escoffier's sweet pepper chutney, marmalade with molasses and rum, grapefruit marmalade with elderflower, quince and medlar jellies, spicy pineapple pickle and very hot tomato chutney. Cost: £1.95-£2.40 per jar plus p.p.p. per delivery address.

■ Mere Trout Farm, Warminster, Wilt BA12 6EN. Tel: 0747-860461. For those in search of something a little less obvious than smoked salmon, but not outrageously different, cold smoked trout could be the perfect solution. Quite unlike hot smoked trout, this is more like a delicate variation on smoked salmon

(but cheaper). My family prefer it. Serve it just like smoked salmon or with a salad of watercress and juicy ripe pears. Available in 1 lb sides hand sliced, interleaved and laid back on the skin at £10.45 inc p.p.p. or in unsliced sides at 9.45 per lb inc p.p.p.

■ Cuan Sea Fisheries, Skestrick Island, Killinichy, Co Down BT25 6QH. Tel: 0283-541461. What better feast for cook's night off than fine farmed gigas to gulp down raw with bread and butter and a bottle or two? Or use the molluscs to sauce and/or stuff the Christmas hind. Cost: £12.00 for 2 dozen oysters delivered by 24-hour shore-to-door service, or £12.48 if you want the oysters in the half-shell (ie opened). Whole oysters will keep in the fridge for five days. Eat those in the half-shell within two days of receipt or freeze them. Oyster knives are also available.

■ Cley Smoke House, Cley-next-the-Sea NR25. Tel: 0263-740252. Mike and Susie Rhodes are specialist field smokers, whose excellent products bring tears of joy to the eyes of the not-so-young. Kippers, large, succulent and undyed, seem even better than those of pre-war memory. The cost 64 per pair inc p.p.p. or £48 for a once-monthly supply throughout 1992). Luscious old-fashioned blotters are £3.50 per pair.

■ H J Brington & Co, Walston, Brackley, Northamptonshire NN11 8NE. Tel: 099 981257. Stilton may be the Christmas classic but richly flavoured unpasteurised blue cheeses from Scotland make a splendid alternative. Dunsyre is good; Roquefortesque Lanark Blue (a ewe's milk cheese so suitable for those allergic to cow's milk) is a winner. A half moon of Lanark Blue weighing about 1.5 kg costs £16.65, a whole 3 kg costs £31.10 inc p.p.p. A 1.5 kg wheel and 3 kg whole Dunsyre cost £13.15 and £22.10 respectively.

■ The Oil Merchant, 3 Haarlem Road, London W14 0JL. Tel: 071-602-7040. Charles Carey's list of delights continues to grow. His Christmas suggestion for *italophiles* is a quartet of *litre amphora* of Colonna's Granverde (verdant extra virgin with citrus taste and aroma) partnered by a quarter litre bottle of balsamic vinegar by Giusti of Modena. "Such a wonderful combination" costs £17.65 inc p.p.p.

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FROM THE ISLAND OF JURA TO THE ISLAND OF LONDON

## SPORT/PERSPECTIVES

Soccer/Peter Berlin

## Arsenal's European lesson

WITH 10 minutes of normal time left in the European Cup at Highbury on Wednesday, the electronic scoreboard announced that West Ham's substitute was Cesar Ertz – a Portuguese international who has never played for the East London team which had won at Highbury four days earlier. But the quirks of the scoreboard computer were the least of the problems for one of England's most efficient clubs. An evening which began with an early goal for Arsenal ended with Sven-Goran Eriksson, the triumphant Benfica manager, locked out of the post-match press conference had already started to career downhill for the home club.

Last season, when Arsenal lost just once and conceded only 18 goals on the way to winning the English first division and their place in the European spotlight, they were a great team made up of good players. They had no-one of the class of Derby's Dean Saunders or Mark Wright (both now at Liverpool), but Arsenal finished top and ended with Sven-Goran Eriksson, the triumphant Benfica manager, locked out of the post-match press conference had already started to career downhill for the home club.

On Wednesday, Arsenal were beaten in the way they are accustomed to winning: overpowered in midfield, their defence let down by their attacking ideas reduced to the unimaginative long ball. By the end of extra time, losing 3-1, they looked like a rabble of schoolboys. Arsenal, whose strength is teamwork, were less than the sum of their parts.

The defeat cost Arsenal at least £2m in lost European revenue. It also cost English football some of its fragile self-esteem. When Eriksson eventually made his way through the locked door, he was greeted with a plaintive chorus of questions: "Do we play too many games? Should we practise our skills more? Should we try and play more like you?" Eriksson graciously conceded that, yes, it had been a victory for technique over physique.

That was not quite true. Benfica were on the back foot early on because they were outnumbered in midfield. When Eriksson realised that although Arsenal had picked three strikers two of them kept dropping into midfield, he pushed his sweeper Vasil Kulkov forward. Benfica won control of midfield as much because Kulkov and the Swedes Jonas Thern and Stefan Schwarz overpowered Arsenal physically and numerically as because of their swift, intelligent and skilful use of the ball.

Certainly, Arsenal met few English teams with such skill last season, but as their disintegrating football suggested, it is more difficult to pass well when you are on the back foot.

George Graham, the Arsenal manager, suggested that an arduous English schedule, losses of form and injuries had hampered Arsenal. True, the English schedule is absurdly busy. But last season Arsenal played 50 games, faced all those problems and kept winning. Graham has spent more than £3m stocking up on players for a 60-game season that, following Wednesday and the beating by Coventry in the League Cup a week earlier, they will never play.



Off-form: Arsenal's Paul Davis struggled to match Benfica in midfield

Perhaps Graham's growing collection of strikers has made him greedy. Arsenal were overpowered by Benfica because the manager had not picked enough of his worker bees. When centre-half Bob Gould was injured, Graham replaced him with Andy Linington, a galumphing central defender who spent a confused evening against Austria Vienna in the previous round passing to opponents. Graham replaced him with Colin Pates, a former midfielder, who can pass but had problems with high balls, circling underneath as though trying to catch

autumn leaves. Paul Merson, a talented but erratic attacker, started in midfield. Fans in the West Stand, intrigued by tabloid tales of a multi-million pound bid for Merson, spent the game trying to put a market value on his play. It touched £4m after 20 minutes. Later as Merson watched Benfica sweep forward, unable to intervene, he was "not worth a tanner".

After the game Graham rejected suggestions that he should follow the example of Bob Paisley, the former Liverpool manager, and alter his

team's style to achieve success in Europe.

By the time Tottenham Hotspur arrive at Highbury in three weeks, Arsenal might have convinced themselves that, in spite of recent defeats, they can still conquer an indifferent first division. By then they should have cleared Benfica's name off the scoreboard. But as Spurs, whose double-winning team lost to Benfica in the European Cup semi-final on away goals 30 seasons ago, can tell them, the scars of Wednesday night might take longer to heal.

can, Neil McDonald, a captain in the '80s.

"We want good players to test the university," says Wyatt. "There is no point in picking a Stanley's team that Oxford can beat. They're not going to learn anything like that. Steele-Bodger's teams nearly always lose. I don't see the point of it." He grinned mischievously. "But that's Cambridge. We are different." He grinned even more mischievously. "Oxford have prime ministers and Rhodes scholars. Cambridge have not had a prime minister this century."

The Stanley's game showed some of the strengths in the Dark Blues' side. They have an outstanding full-back in Audley Lumsden, who scored three tries. Their front row is massive, weighing more than Australia's, and with a combative second row it adds up to a potent force. Even so, they think of themselves as underdogs for the game against Cambridge at Twickenham on December 10.

From his position as scrum-half for Stanley's, Kirk had an unenviable view of Oxford's beefy eight. He liked what he saw. "You're going as well as any Oxford side I have seen at this stage of the season," he said in a brief speech at the dinner. He smiled as he said it. There is little worse for an Oxford man than to see his side lose to Cambridge, and Kirk clearly did not think that he would.

Rugby/John Hopkins

## The Major's galloping XV

THE RUGBY follower was in a quandary. After the majesty of the World Cup and 32 matches in 30 days, the problem was where to go, what to see? Was there life after the World Cup? The solution was a foray to Oxford for the 70th match between the University XV and Major Stanley's XV.

At Iffley Road, hard by the track where Roger Bannister broke the first man to break the four-minute mile barrier, 3,000 spectators watched the university score seven tries in a comprehensive and rare victory over Stanley's XV. No player from either side attempted to kick a penalty.

Afterwards, players, all-club doos (committeemen), wives

and girlfriends juggled with cups of tea, plums of beer and biscuits as they stood shoulder to shoulder in the small pavilion that has done service for more years than anyone cares to remember. It was a quintessential British scene. The same sort of people would have been present in 1961, or in 1931. Surely this sort of thing, a mid-afternoon match, was an anachronism in 1991? "Not for the students,"

replied Dr Alan Taylor, president of OURFC. "The opportunity to play against better players is a significant encouragement for them." He might have added that it has been good for Oxford, too. The establishing of a link with Kobe, the Japanese steel company, has brought sponsorship for OURFC, and employment in Japan for several Oxford graduates. There is now a St Catherine's College in Kobe.

"There has been a renaissance in university rugby," said Derek Wyatt, the former England international who selects the Stanley's team. "The Varsity match at Twickenham is sold out this year and the 56,000 spectators will constitute a record. Ten years ago barely 20,000 attended. Oxford has become very professional off the field. We have full-time medical care, a full-time administrator, a university coach who looks after the first team and also the colleges and we have floodlights. Even Twickenham doesn't have floodlights."

Major R V Stanley was an organ scholar at Oxford. He did not play rugby although he did become an England selector and the university's representative on the Rugby Football Union committee. He was a man of such eminence that after university games the police would stop the traffic so he could be taken by bus to the railway station to return to London.

Stanley's is the second oldest invitation side in first-class rugby, younger only than the Barbarians but much older than the team raised by

Mickey Steele-Bodger to play against Cambridge university, its direct equivalent. It is said that Stanley first raised a side to play the university in 1894. A game against Stanley's appeared on the university fixture list in 1914 but was cancelled because of the war. The first match was played in 1919.

Nowadays, the ideal Stanley's team would comprise five internationals, five old blues and five younger players who might, in time, attend the university. Whereas Steele-Bodger's XV is selected predominantly from the home counties, Stanley's goes far and wide. Recent stars include Denis Charvet of France, Nick Farr-Jones, the Wallabies captain, and David Kirk, captain of the 1987 All Blacks.

A bonus of this internationalist policy is that the appeal and traditions of Oxford university and its rugby pass from generation to generation. Chris Laidlaw, the All Black scrum-half in the 1980s and '90s, had a hand in the arrival of Kirk at Oxford on a Rhodes scholarship. Andrew Everett, Oxford's current captain, was recommended by a fellow South Afri-

Perspectives/Gerald Cadogan

## A happy memorial

IT MUST be a unique war memorial. And even if it is not, it is marvellous and cheering. At the small village of Coln Rogers, at the bottom of a narrow Cotswold valley, its steep sides now bright with autumn leaves, 25 men and one woman, a nurse, 19 from families went out to the First World War – and they all came back.

You will find the plaque in the porch of the Saxon church. At first, it looks like any other village war memorial, gratefully listing the dead who fell for King and Country. Then you realise it is completely different. Nobody died. It is there to record the people "of this village who served in HM Forces during the Great War, 1914-1918" and, after giving their names, ends with an exclamation: "All of whom by God's great mercy returned safely."

How did this miracle happen, I asked Bob Guest, a 70-year-old gardener, whose family have lived in the Coln valley in Gloucestershire for 400 years. Some were excused going to France, he said, like the village squire, who took his chauffeur along with him when he signed up. A former tea-planter, he "never held a gun except when he was on the partridge shoot."

But Dick Leach was gassed in France while a Grenadier, came home to recover, and was then sent back for a second tour a fortnight after the Armistice. His family has his "clean sheet" service record, and 1917

and 1918 Christmas cards from the commanding officer's wife, Lady St Cyres. And Ben Barton, who had gone to Australia at 16 to seek adventure, found himself in New Zealand in 1914 and joined a Kiwi regiment, which took him to Gallipoli and France. Luckily, he was demobbed in England and could come home. In 1939 he told his son, Roger, who had also gone to Australia, to get over to New Zealand to join up, "as they are a better lot there."

The services were a strange world for the other villagers, who were almost all farm-workers – which was not a reserved occupation as it was in the Second World War – who had never been beyond "Zetland" (Gloucester). They did have the advantage that they were "good shots, whether they were keepers or not," said Bob Guest, meaning gamekeepers or poachers. Most joined the Gloucesters. One was in the Coldstreams, some in the Grenadiers, perhaps because officers knew them, and some in the Navy.

And, "thanks be to Thee, O God," as the plaque says, they all came home, to find they were no longer going to be needed on the land. There was not enough work. "These villages were dead between the wars." People left for jobs with the Great Western Railway in Swindon, and the cottages fell empty. When the next war came, there were few to join the colours. Guest was one,

gardening was not a reserved occupation. As RAF ground crew, he went to India, Burma, and Singapore. "And I had never been beyond Cirencester before, except for Western-Upper-Mare and Southampton and Pompey (Portsmouth) we'd been to once or twice. I was in the church choir. And we had the outings."

His brother, Maurice, having been to grammar school, joined up as a flyer and was in the defence of Malta. He had to bail out, and was shot as he came down. Bob's parents gave the church its heating system as a memorial. A small plaque in the vestry records this one man of Coln Rogers who died in the two wars.

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As they say in Europe

## Missing out on Maxwell

ROBERT Maxwell's death is the kind of story that demonstrates the differences among the great European morning papers. The British had the resources and time to do the story justice. The Europeans, on the other hand, had problems. Apart from the Germans they did rather well. To the Italians it was a first class thriller – that was the word that appeared in most headlines along with "king of the press." There was no attempt to conceal the hope that unnatural causes lay behind the event.

La Repubblica kicked off its front page with a summary of how Maxwell rose to the great position and then hit financial troubles. "He had other reasons to be worried – the allegations that he worked with Mossad which had reappeared after last week's publication of a book by an American investigative reporter." It also disclosed a fact that remained unperceived elsewhere – the world's stock markets were in turmoil as a result of Maxwell's death.

The breathless style was everywhere: "Mystery in the open Atlantic. Robert Maxwell, 68, uncontested King of the world's press," shouted *La Repubblica*. *Il Sole/24 Ore* also saw him as a "king" but its London correspondent, Alessandro Melli, avoided the hagiography that appeared in its rivals. Nonetheless the clichés were unavoidable. "The life of the media tycoon ended in the same novelistic manner in which it had been lived." Bad taste was equally hard to avoid: "his business empire risks drowning."

Everybody had a local angle. In Italy it was Maxwell's ownership of Panini, which is the world's largest publisher of football cards, or pictures of soccer players. The management had recently been unsatisfactorily reorganised there by Maxwell.

The Spanish press had an advantage. The tragedy had taken place in their waters. Their approach was a model of restraint by comparison with the Italian. "The press magnate Maxwell disappears in the waters of Tenerife," said the front page of *El Pais* of Madrid. Like the Italians it managed to get two whole inside pages on the story.

In France there was a straining after relevance. Pierre Bois wrote in *Le Figaro* about Maxwell in 1945: "A short stay in Paris, almost at the same time as Hemingway but not yet having the means to frequent the same places, allowed him to meet Elisabeth Meynard." Mlle Meynard was to become Mrs Maxwell.

That is the kind of thing that happens when journalists are in a hurry. But it is notable that in each of these papers there was comprehensive coverage of the life of this extraordinary man, even if not

always of his death. But not in Germany. The heavyweight German newspapers are incapable of covering anything that happens abroad after about three in the afternoon. There was a paragraph on the front page of *Die Welt* but that was about it. I have never quite understood why German papers should be incapable of doing what the French, Italians and Spanish manage quite easily, but it seems to be the result of a different approach: news does not count until some deep thought has gone into considering what it actually means. That is why reporters are thin on the ground in Germany while editors leap from every nook and cranny.

Talking of nooks and crannies, as the UK foreign secretary Douglas Hurd did last week in attacking the Community, British objections to various aspects of Europeanism often get as much coverage in the continental press as they do here. There are several reasons. Sometimes the British are saying out loud what everybody else thinks. But more often it is because of British leadership in news management.

An extraordinary situation sometimes emerges. Thus when the Dutch produced their various statements and declarations on political and monetary union in the Community, *Il Sole* led with the comment that the project could move ahead – London now had the option of whether to join in or not. It was only three days later that the paper noted that Italy objected to the Dutch plans.

European rows provide a useful standby for any London correspondent. But when it came to the CBI conference it was the attitude towards Whitehall rather than Brussels that interested most of them. *Handelsblatt* had the headline: "The British industry association lets off a broadside at the government." Yvonne Esterhuysen highlighted the emphasis on the government's economic failures. She concluded by noting that it was Labour who was advocating tax breaks for industrial investment. In *Les Echos*, Patrick de Jacquet found the CBI's members rather irritating. "The business men who spoke in the debate on Europe expressed time after time the conviction, which is very widespread in Britain, that that country is, by a long way, the one that applies community decisions most faithfully and risks penalising its enterprises in relation to those of less scrupulous countries."

James Morgan

James Morgan is Economics Correspondent of the BBC World Service.

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# Classic cachet for less cash

The most desirable yarns are now better value — and better cut, reports Lucia van der Post

IN THESE days of grim tidings on the retail front, there is a glimmer of good news. All the best-loved classics, the fabrics that have proved their worth for generations, are blooming and some, like that most treasured, cashmere, look as if they might even become a little more accessible in price.

In the boom years the price of cashmere, as regular readers of HTS will know, rose sharply — so sharply that this warmest, lightest, softest, most desirable of wools soared way beyond the reach of most of us.

The news now emerging from the fastnesses of Inner Mongolia (where the finest cashmere comes from) and the spinners North of the Border, is that the gentlemen from China have learned the hard way one of the first lessons of a free market economy — that a commodity is only worth what the consumer is willing to pay.

Cashmere has been through tough times, with customers either unwilling or unable to pay the prices asked and sweaters made three years ago still to be found lurking on some shelves.

This year, the price of the yarn is down about 15 or 20 per cent and though it takes some time for this to affect prices (agreed contracts have to be worked through first and the price of the yarn is only one element in the equation), experts say the general drift is likely to be downwards.

The other good news is that hard times have forced manufacturers to rethink, to move away from the stolidly traditional and to employ exciting designers to think of new ways of using cashmere.

Ballantyne, for example, besides its basic classics range, has collections by Oscar de la Renta and Alastair Blair; Bruce Oldfield has designed for Murray Allart; and for Johnstons of Elgin Devra King has come up with a wonderful oversized cashmere tunic (£259), an infinitely wearable high buttoned cardigan (£127) and lots of versions of this season's must-have accessory, the tartan scarf (£85). All can be worn by the trendiest teenager or the most elegant grandmother.

Shi Cashmere, who had to open her own factory six years ago because the existing factories found her ideas too way-out, is another source of high fashion cashmere — her slinky dresses, jogging suits, sports shirts, hand-smocked oversized jackets, bodies and short wrap skirts are all the look of the minute, with the added cachet of a luxurious material. Her range can be seen at Shi Cashmere, 30 Lowndes Street, Belgravia, London SW1.

All this means that this winter, if you can afford it, you could buy all the components

of the fashionable wardrobe in cashmere — the leggings, the long shapes and big sweaters, the frock coats and slinky dresses, as well as basics such as T-shirts or vests to slip quietly under an Armani jacket.

Eager customers used to be able to rely on Marks & Spencer for plain basic cashmere (most desirably from the men's department) but when prices began to rise so steeply the company stopped selling them. This year M&S is once again offering cashmere but for women only and in just two colours — pale grey and camel — in the Marble Arch, London, branch only. Polo necked versions are £125, V-necked cardigans £135 and crew necks £115.

Apart from the price, the other trouble with cashmere is how to keep it looking wonderful. There are those who swear by Woolite (like Erika Frei, who handles the PR for Pringle, and says her cashmere sweaters last for years — "I use Calgon to soften the water and then always wash them in Woolite. I give them a very quick spin in the dryer and then lay them flat to dry") but those too nervous to risk it might like to rush their off-colour garment to The Cashmere Clinic for treatment.

The Clinic will pass it on to specialists in Scotland who will either wash and redress (from £15), alter (from £20) or mend (also from £20) and return them fully restored a week later. The Clinic is at 11 Beauchamp Place, London SW3 (tel: 071-584-9806) but it runs a postal service as well.

Ballantyne offers a repair service — no matter how old the sweater, if it's a Ballantyne and it needs mending, it will do it for £10, which includes postage and packing.

Tartans and plaids are a big theme this winter and nowhere do they come more classic than when they come in Viyella. Viyella is as much loved by its fans as cashmere, its unique combination of 55 per cent merino wool and 45 per cent cotton giving it a special softness. Though the first plaid in Viyella was produced way back in 1896 it has taken until now for Viyella to launch its very own check.

In keeping with the Viyella image it comes in traditional tartan colours of navy, bottle green, red and has been used on a range of Viyella own-label designs, including clothes, luggage and accessories. Harrods, Liberty's, Selfridges in London as well as Dingles in Exeter and the Viyella shops in York, Belfast, Edinburgh, Glasgow and Guildford all stock Viyella's own collection.

For those hoping to combine the traditional appeal of Viyella with a more contemporary look designers are increasingly up-to-the-minute as Betty Jackson and Ally Capellino



have used it in their winter ranges. Find them in the Contemporary Collections department at Harrods.

■ Fans of Davies, the men's clothing and furnishing shop

at 10 Great Newport Street, London WC1 owned by David Davies of advertising fame, should hurry along to the warehouse at 35/37 Bethnal Green Road, London E2 on Saturday and Sunday where

Davies is having a sale. Everything from boxer shorts and linen/viscose jackets, from Sea Island cotton T-shirts to show-room sofas and chandeliers will be there at greatly reduced prices.

## Languid in loden

FABRICS scarcely come more classic than loden. Like denim, it earned its spurs when used for proper working clothing and later won its way into smarter wardrobes through its toughness and abiding low-key appeal.

It seems to have been first manufactured in the Austrian Tyrol as far back as the 11th century, but it was not until the 18th century that it moved upmarket, first being used for riding clothes and later for winter coats and capes.

If you are wondering exactly what makes loden so unique it is all to do with the tanning process. This matts two sheets of high-quality pure wool fabric together and gives the resulting material its famous showerproof qualities which makes

it perfectly suited to the damp British weather. Many a keen shot has discovered that one of the best ways of keeping warm and dry when out on the moors is by donning a loden coat or jacket.

Today, traditional loden is deemed to be dark olive green, but its first colours were actually red, black, and white. Loden always seems to me to come trailing clouds of continental glamour and to lend itself best to a rather swagging style of cut — remember Douglas Hurd's coat seen swishing in and out of Downing Street all through the Gulf war.

Schneider, an Austrian company well over a century old, uses washed loden and loden mixed with cashmere, mohair or alpaca for soft, over-sized duffels, for parkas and for trench coats.

Schneiders loden can always be found at Harrods, at Swansway of 228, Fulham Road, London SW6, Simpson of Piccadilly, and Selfridge's.

Photographed left is a classic swing back loden coat (£297) teamed with grey flannel pants (£106) and a soft velour single-breasted sports jacket, (£240).

L v d P



Top left: Savoir Faire here takes the Royal Stewart tartan and uses it to make an up-to-the-minute sarong skirt, £85. The jacket, also by Savoir Faire, is in dark green (£70) and is teamed with a cream body (£60). All from Harrods, Knightsbridge, London SW1.

Top right: Viyella the Betty Jackson way — the black and white checked Viyella body (£150) is teamed with Mini McCloud tartan trousers, £170. Both from Harrods.

Right: Twinsets scarcely come more classic or more essential than this skinny rib set in 100 per cent cashmere from Ballantyne. The cardigan is £340, the sweater £245, both in a range of (mainly pastel) colours. From the Ballantyne shop at 153a New Bond Street, London W1, Harrods, and Berk, 20, Burlington Arcade, W1.

Sketched left: casually luxurious chunky knit tunic in 100 per cent cashmere in warm brown, bronze, sand, ochre, amber or damson, teamed with leggings, £499. Centre: another way with leggings — this time teamed with a frock coat with gold embroidered sleeves, £275, in black, charcoal grey or arctic blue. Right: skinny dress in all the autumn colours; £345. All from Shirin Cashmere, 51 Beauchamp Place, London SW3 1NY.



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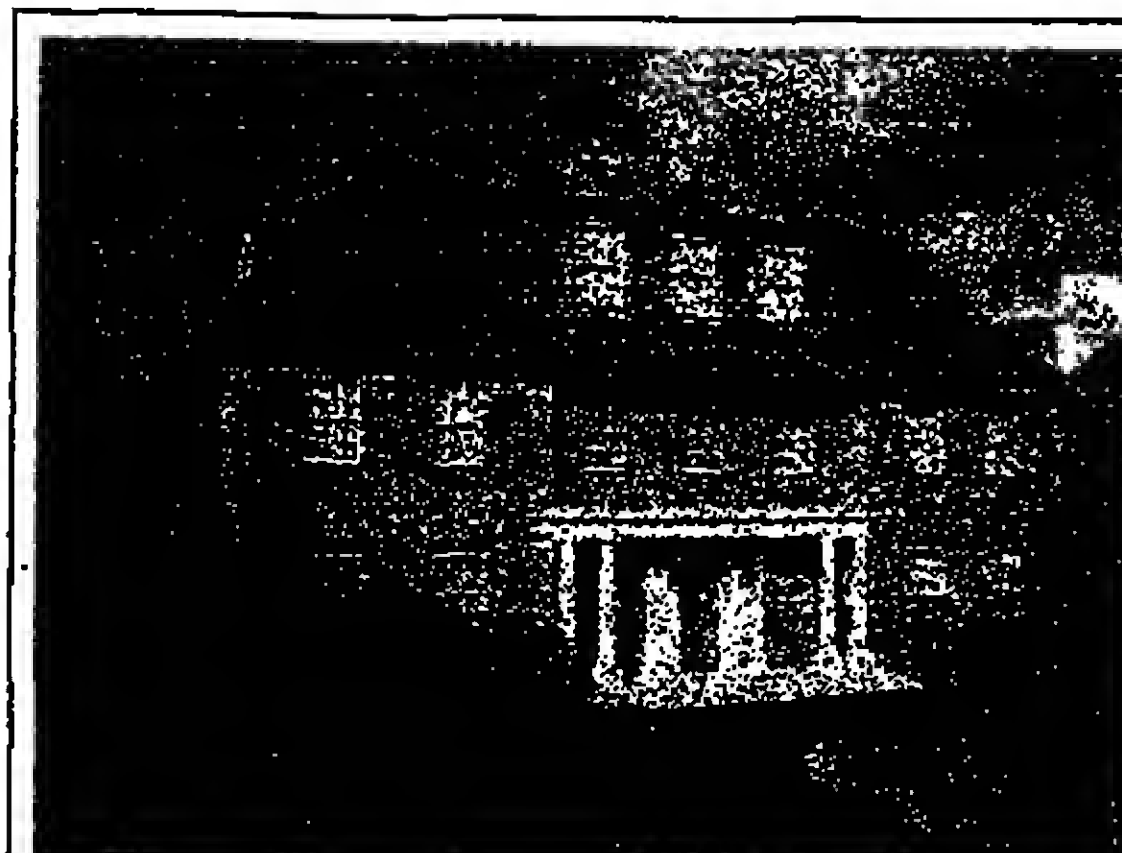
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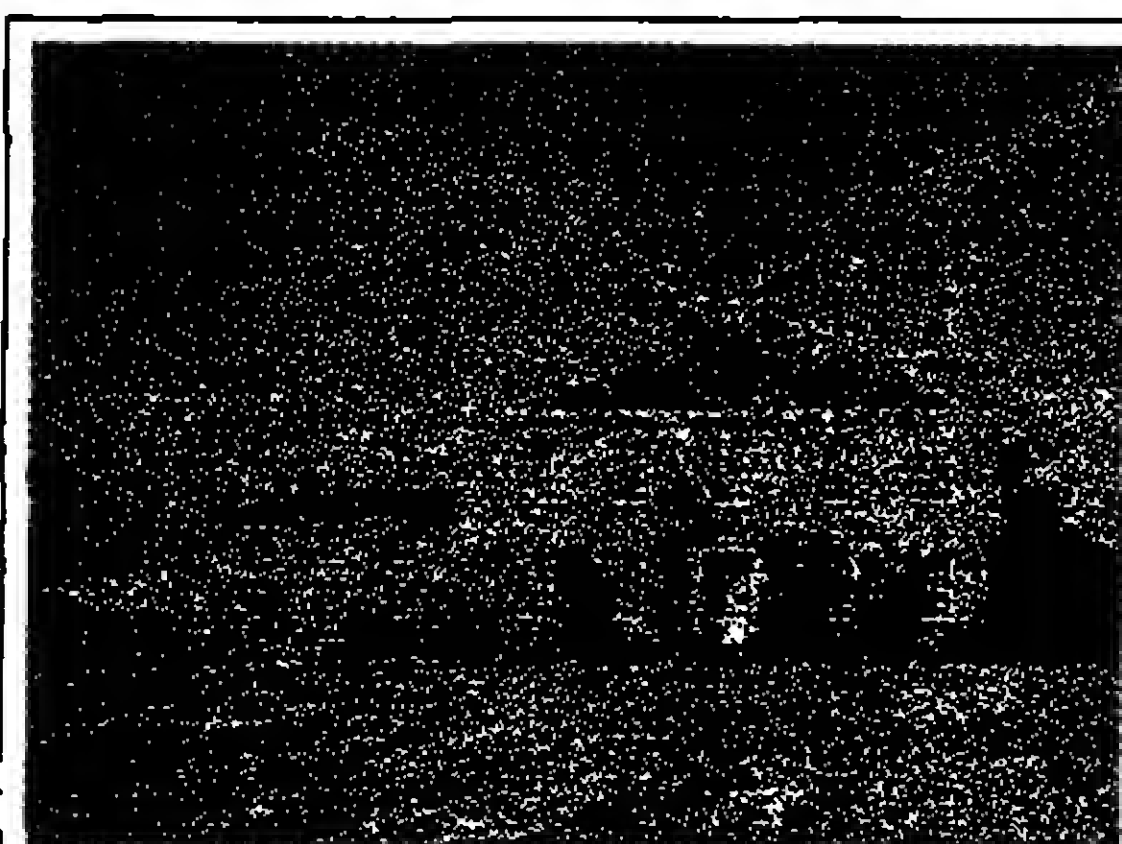


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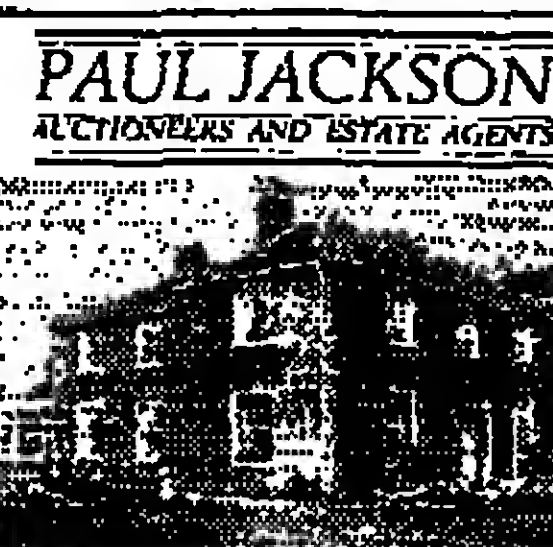
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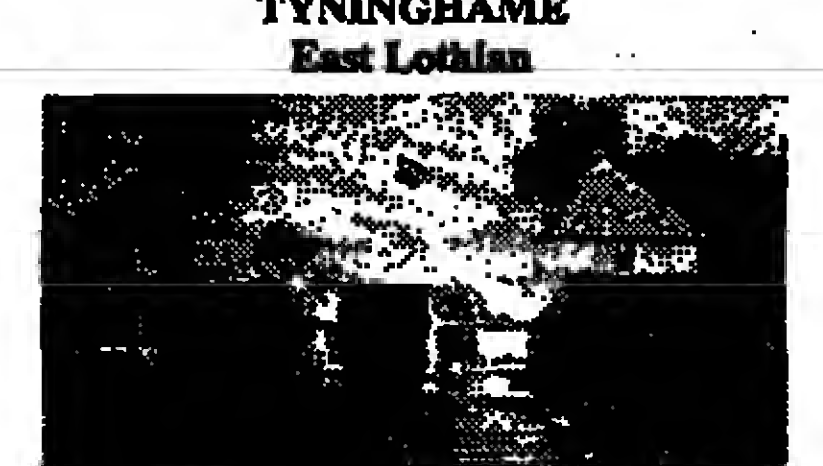
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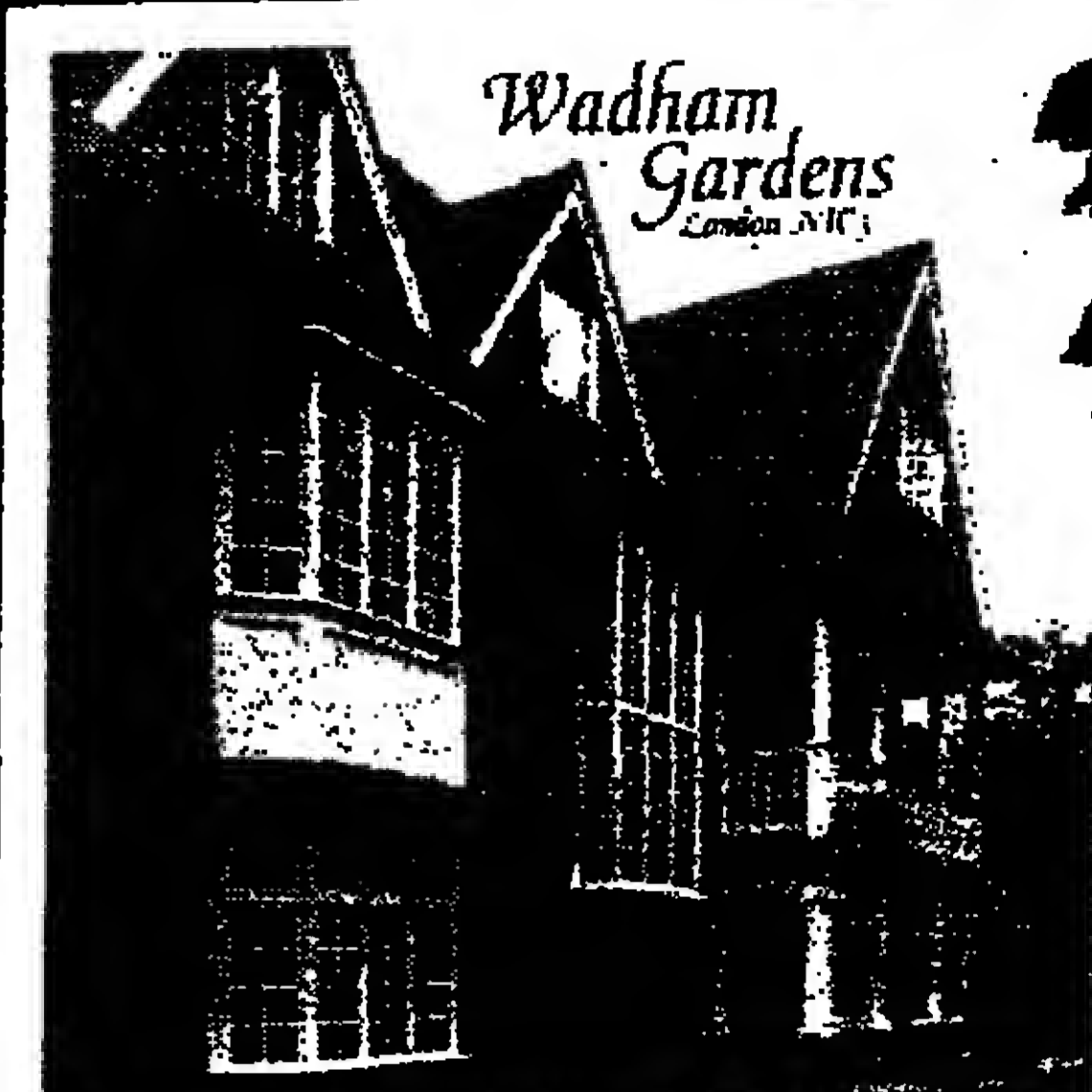
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## GARDENING

## Blanket coverage for cold nights

Make sure your plants wear their woolies this winter, says Robin Lane Fox

THIS weekend, prepare for the worst; anticipate frost and hang on to the gains which we have enjoyed all year.

It has been a marvellous year for growth but at some point the frost will remind us how serious it can be. Only ten years ago, the winter was so vile that I vowed never to depend on soft-wooded shrubs again: no cistus, no ceanothus, no abutilons in vital positions. Since then, the vow has wavered, but I have also learned to protect against risks.

At ground level, protection has never been easier thanks to a recent innovation. Most garden centres are now selling Fibre Fleece, a woolly sort of insulation which keen gardeners ought to stockpile in tens of metres.

It looks like the coat of a polythene lamb which has been run once through the washing machine; it lies on top of plants like a moderately ugly winter blanket; it lets through light and water but keeps out the worst of the cold. Not long ago, a *Weekend FT* reader

wrote to tell me that since her husband had died, she had "literally buried herself in the garden". I hope she has remembered to take some Fibre Fleece with her, a white cocoon in which I, too, might wrap myself if the winter becomes too much.

This artificial blanket is the perfect companion for the lengthening lists of semi-hardy plants which nurseries are trying to sell us. Under a square of fleece, I brought verbenas through last winter; my blue Mauretanian convolvulus survived January and I have hung on to *Osteospermum* buttermilk, which is more worth saving than its name suggests.

Above all, I have not lost any of the long-flowering and mat-forming varieties of pink dianthus. These

families are the making of the summer garden, but most English winters are the death of them. Instead, you can now cut a small square of Fibre Fleece, tether it over a stockplant with stones or clips, and leave it looking off-white and fluffy until next spring when you will have a parent plant for cuttings and divisions to give 1992 a flying start. Most of these varieties cost £2 each or more in summer, so the winter blanket at about £5 for a serious width soon pays for itself.

It is not easy to fleece plants of any great height. Here, you have other options. The first essential is not to cut marginally hardy plants down when their top growth turns brown in early frost. Leave the penstemons looking ragged, uncut fuchsias and plumbagoes with

canopies of deadened growth. In April, they will start to sprout again all over their own debris.

They are even more likely to sprout if you smother their bottoms. Frost is particularly lethal when it goes deep to the root: protect these plants, therefore, with a heavy mound of ash, bracken or debris, piled round their root-run during the next few days. Straw is often recommended, but I avoid it as it blows all over the garden.

A mound round the roots is a wonderful rampart for summer-flowering fuchsias. We are all too shy of these plants because of their supposed tenderness, but if only we remembered to cover the harder varieties for the winter, we could depend on many more of them.

At the Botanic Garden in Leicester, scores of varieties are grown where books say they ought to die in full sun, protected only by deep planting and a mild top-dressing for the winter. The garden has a list of more than 70 forms which it now recommends for an outdoor existence. There is much more here than the dull old Tom Thumb in red and purple, but we have not yet woken up to the potential.

At higher levels, the same rules apply, but fleecing is out of the question and the defences have to be different. Experts have changed their mind quite often about the best method, but the current thinking on all shrubs is in favour of netting them.

If the experts are right, there is

no point in building elaborate frames and wrapping a tender hoheria in heavy-duty polythene: unlike a fleece, this sheeting keeps out rain and lets in most of the frost. It is more efficient to smother the roots with debris and, on present advice, to stretch a length of green netting a few inches in front of each wall-shrub's branches, like a tennis net on stilts. This barrier of netting will keep off the worst winter chill and cope with the odd air-currents which a wall sets up. The debris will protect the roots while the netting takes off the worst degrees of frost and scorch.

This winter, I have the ideal candidate for an experiment. It is a wonder of a wall shrub which has put on three feet of growth in one year, broadened into a fan and

grown like nothing else. We all know and mistrust the blue *Ceanothus* from California and surrounding areas, few of which are really hardy, but my champion grower is a selected form from Cornwall.

*Ceanothus Trewithen Blue* has a spectacularly large evergreen leaf which is asking to be abused by frost. Its heads of flower are a brilliant rich blue in early summer and it grows at a stupendous rate. In three years it has made a tree that has scaled the battlements of Oxford's old city wall. It bulges outwards and thrusts sideways and, as long as it is sheltered, it covers any sunny aspect in a cloud of magnificent green and blue.

The trouble, of course, is that it hates a hard winter. It would be excellent against a warm chimney breast in a town garden where it has sun, but after this year's progress I intend to net it. I hope the experts know their facts and that a string vest, not a close-wrapped blanket, is the best way to bring this fine performer to the starting-gate for 1992.

SEED catalogues seem to be posted earlier every year and nearly all have now arrived. There are several reasons for taking a timely look at them, not least that some seedsmen offer special cash discounts for orders received before the end of the year.

Another is that there is another remarkable increase in the number and variety of plants, as distinct from seeds, offered by some of the leading seed firms, most of which have to be ordered a considerable time in advance.

In some seed catalogues plants occupy a lot of space and cover a lot of different varieties as well as several different sizes of seedling. The smallest are seedlings just germinated and ready for pricking out. They are supplied in cartons which often contain so many seedlings that it is possible to share them with a friend or neighbour.

Then there are plants known as "plugs", little cones of fertile soil each of which contains a single plant ready to be planted just as it is in a pot or container. The cones slip easily out of the special plastic trays in which they are grown and, because the roots are undamaged in the process and the little plugs of soil are especially rich, the plants grow vigorously.

Plugs are of various sizes but usually no choice is offered, each retailer opting for the size that he thinks gives the best and most economical results.

Some do not even call them plugs but invent a non-technical name, such as Easyplants. A third option is even larger plants supplied later in the spring in cubes of soil.

Plants will never take over entirely from seeds but for those

## Always look on the seedy side of life

that are a little difficult to germinate, or need rather high temperatures, or special treatment, there is a great advantage in them and the public is taking to them in a big way.

The young seedlings are cheap but, as they are just out of the propagator, they need a little skill in handling and probably a greenhouse, frame or at least a small, heated propagator to start them off.

Plants in plugs arrive several weeks later, when days are longer and conditions better for growth. I have handled them quite successfully on a sunny window ledge where there is the advantage that they are right under one's eyes. Plants in pots come still later and in many cases can go straight outdoors.

Some seedsmen are offering a treatment for seeds which develops the embryo within the seed almost to the point of germination. Then the treatment is suspended and the seeds undergo final treatment and pecking.

This method, known as primed seed or prime start seeds, results in faster germination and growth. As yet it is offered for only a limited range of seeds.

Breeding of seed-raised plants is now largely in the hands of

specialists who sell their products in bulk to the commercial producers of pots and also to the retailers of seeds for the private market such as Sutton Seeds, Dobbies, Carters, Unwins, Thompson & Morgan, Mr. Fothergill, Johnsons and Marshall.

As a result, fewer new varieties are confined to one retail outlet and many are available from several different seedsmen. However, there

**Arthur Hellyer finds out what's new in the catalogues from leading seed companies**

are exceptions. Unwins, for example, continues to breed its own sweet peas and usually has about three to add to the list every year. This year the varieties are Rosalind, rose pink on a cream ground, Camilla, lavender on white, and Ken Colledge, deep mauve.

Thompson & Morgan usually has something out of the ordinary. This year it is offering a new African marigold named *Striped Marvel*. It is a couple of feet high and has fine flowers that are evenly

striped in red and yellow. It is striking but rather too sparsely branched to make a good bedding plant on its own. It would look well growing up through something denser.

*Nemophila Penny Black*, also from Thompson & Morgan, is another highly unusual plant, a prostrate annual with cup-shaped flowers that are nearly black with a white rim.

Among the novelties that almost everyone seems to have is *Fuchsia F1 Chimes*. In spite of the F1 designation this is not a variety that will produce the wonderful level of uniformity in colour and habit we have come to associate with these special hybrids. On the contrary *F1 Chimes* will give a full range of fuchsia colours and some variation in habit, including plants suitable for window boxes and hanging baskets.

What the hybridity does for it, according to the raisers, is to make the seeds easier to germinate and the seedlings to grow into flowering size more rapidly.

The new free-flowering geraniums are settling into their proper places in the garden. It would seem that *Sensation*, which has rather lightweight petals, is going to be outstanding for pots and other containers, both in sunny

sheltered places outdoors and in conservatories. Multibloom varieties, which have larger and thicker petals, are superior for beds in the open although, having said that, I must add that the *Sensation* flowers are charming in their lightness - a breath of fresh air in the geranium-from-seed market.

Breeders seem to be giving verbenas a further examination and several new varieties are available. I particularly like *Peaches and Cream* which several seedsmen have. It is well described by its name and is not a colour I can recollect having seen before in this often rather brash plant. There is an interesting new lobelia called *valda* which has 2ft to 3ft tall, thin, erect stems, bearing Cambridge-blue flowers.

It would look best growing up through something else to give it bulk and I can imagine it as delightful in a large container of mixed annuals and perennials.

The form I have seen at Unwins is called *Blue Ribbons* but Thompson & Morgan is offering one named *South Seas*. Whether it differs I do not know.

Other plants I have noted during my summer travels around the seed trials are *Impatiens Mega Orange Star*, which is said to stand hot days better than most *Busy Lizzie*s, *Salmon Profusion*, one of the most free-flowering of all *Impatiens* varieties, and a bedding *Salvia* named *Dress Parade*, for those who want a change.

There is also a new *Comos*, only half the height (about 2 ft) of the normal varieties and producing very fine flowers. The one that everyone has is called *Sonata* and is pure white with a yellow centre.



Plant of the week

Nerine bowdiana

This South African bulb has a largely unfounded reputation for tenderness. If it is planted in well-drained soil in a sunny place, preferably at or near the foot of a south-facing wall, and if the bulbs are completely covered with soil, it is likely to survive for years in many parts of Britain.

*Nerine bowdiana* produces clusters of rose-pink flowers on stout stems 15 inches or so high in early to late autumn and flowers most freely on soils that are not very rich. The strap-shaped leaves appear after the flowers fade and die down in early summer. The best time to purchase is from January to March but bulbs in the garden can be moved from one place to another in August while they are at rest. However, it is unwise to re-plant frequently. Bulbs will multiply into large colonies over a period of years.

A H

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Richmond Park is the largest of the Royal parks in London extending to some 4,500 acres. Stag Lodge is situated at Robin Hood Gate, one of the principle access points within easy reach of central London (some 30 mins drive). The property comprises of a long established equestrian centre, with Stag Lodge dating from late 17th Century.

The main house has typical regency style elevations and consists of main reception, dining room, conservatory, kitchen, breakfast room, study and 5 bedrooms. In addition to the main house there is a small old coach house of brick construction with rendered facade.

Stag Lodge is the only property of its kind in London. As a commercial proposition the stables has the ideal position for excellence because of its prime position. The business probably receives more enquiries for riding lessons and horses for hire than any other stables in Britain. Riders can choose whether to enjoy Richmond Park or to cross the A3 and ride through extensive acres of Wimbledon Common. The above should generate £200,000 pa net profit.

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Hill House, Knightsbridge has been reconstructed within its external walls and the exceptional quality lead to a successful sale in the region of £6m in just over three months

## Restored Hill House Sells for £6M

Hill House, occupying a prominent corner site between Knightsbridge and Trevor Place, had been empty and neglected for many years. In the rising market it has been thought that buyers would wish to take on their own building and design team to create a unique residence in the heart of Knightsbridge. But it soon became clear that the full potential of the position could only be realised by developing the building. As a result, Hill House required too great a leap of the imagination for the majority of possible buyers.

The property company which had latterly owned the site, Chrysalis Land, got together with developers London and Yorkshire Developments and work started at the beginning of 1990. The official opening of the newly completed building in May this year revealed a magnificent residence where period details had been re-introduced but within a building which had been constructed to up to date building standards and where there was the opportunity to install properly planned services.

The final product was the rare combination of extensive accommodation (just under 11,000 sq ft arranged as 10 bedrooms and bathrooms, 6 reception rooms, swimming pool and gym and double garage) in a central freehold site.

Interior designers Country House Design had been brought in at the earliest stages and worked on the plans to ensure that the accommodation was carefully designed to give the building a sensible 'flow'. It was decided that architectural details would reflect the time when the house had been originally constructed by Arthur Hill, (grandson of Sir John Trevor, the founder of the Trevor Estate). The most important element of these being the main hall and staircase. Starting with a complete shell it had been possible to introduce a completely new central stair and magnificent wide staircase was made in 18th century style. In the main hallway and spacious first floor landing raised and fielded panelling was in Colour schemes, fabrics and furnishings were chosen to reflect an opulence and give the building warmth. With the possibility that the eventual buyer could come from virtually any part of the world, the interiors were designed to be English but with international appeal. The final effect was elegant and at the same time gave a welcoming atmosphere.

Architects on the project were the Rosemont Associates, the architectural practice within the multi-disciplined Rosemont Group. The group also provided building surveying and structural engineering services through their associated companies Rosemont Building Surveying and Alan Rigby Associates. Sensitive and major refurbishment of important listed buildings requires very close cooperation between members of the professional team. On this project the entire spine wall had to be removed from the structure and the greatest care was necessary to ensure that the construction went smoothly. As David Rosemont comments, "Our multi-disciplined structure has ensured that everything has gone according to plan. The project posed a number of challenges which required prompt practical and imaginative responses on a properly coordinated basis".

W.A. Ellis, the sole selling agents for the project recommended low profile marketing. It was felt that wide exposure would not necessarily locate the final buyer as there were likely to be few serious contenders for a property of this calibre and in any event

they would be in touch with the main network of London agents. As it turned out there was considerable interest in Hill House from the beginning and this continued up to the final offer being accepted. Andrew McGilivray of W.A. Ellis views the sale to be the result of the creation of a quite exceptional product and marketing at a sensible figure. "There are always buyers for exceptional buildings, and indeed there is a shortage of very large, well-located houses with a floor area in excess of 10,000 sq ft, as historically these have been broken up into apartments. It is essential that the blend of quality and price reflects the underlying conditions of the property market".

The construction company, Parkland is part of the London and Yorkshire Group and completed all works on time and to a very high standard. Parkland, which also handles projects for other developers believes in recruiting only experienced craftsmen and maintaining a high level of training and site equipment. Site management is closely controlled and key individuals are familiar with the problems of working in central London and the care needed with listed buildings.

London and Yorkshire are now at the planning stage with other residential schemes and are keen to work with other partners to repeat the success.

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## REGIONS

**ITV REGIONS AS LONDON EXCEPT  
AT THE FOLLOWING TIMES:-**  
**AMQLJA:**  
12.30 Ugrasali 1901. 1.05 Anglia News 1.55

**BORDER**

12:00 Munsters Today. 1.05 Border News. 1.55 Hard Time on Planet Earth. 2.50 Batman. The Movie. 3.15 Border News. 6.15 Cartoon Time. 11.25 Paternity.

**CENTRAL:**

12:30 The Munsters Today. 1.58 Central News. 2.00 A Matter of Four. 4.30 Cartoon Time. 5.05 Central News. 5.10 Central Sports Special - Goals Extra. 11.25 Cinemasatros. 11.55 Stripes.

**EAST:**

12:30 Blockbusters. 1.05 Diary Dates. 1.53 The Life and Times of Grizzly Adams. 2.59 World Cup Golf. 3.58 The A-Team. 5.05 Channel 7. 10.00 Robin's Place. 5.15 Caravan.

**GRAMPAN:**

12:30 Beathin's Fleisch. 1.55 Gramplan Headlines. 1.56 Beach. 2.50 The Life and Times of Grizzly Adams. 5.45 Wrestling. 6.45 Sport Results. 6.55 Gramplan Headlines. 8.15 Crime-gang. 9.15 Put It In Writing. 9.60 Gramplan Weather. 11.23 Paternity. 11.50!

**OSCARA:**

11.50 Peppino. 12.00 The ITV Chart Show. 5.05 Granada News. 2.50 Doctor at Large. 5.05 Granada News. 5.10 Doctor at Large.

**PATRY:** 3.10 Granada Gumbo Expts. 11.25  
Patry.

**NTV:**

12.30 The Munsters Today. 1.05 NTV News.  
1.55 The Life and Times of G.I. Aardvark. 2.55  
Drama Along the Mohawk. 6.00 NTV News.  
7.00 The Munsters Movie. 8.00 NTV News.  
9.00 Cartoon Time.

**SCOTTISH:**

12.30 Dinosaurs. 1.15 Scotland Today. 1.55  
The Journey Adventure. 2.50 Britain: The Movie.  
(1989) 5.05 Scotland Today. 5.15 Cartoon Time.  
6.00 The Great British Game Show. 7.00 The Flying Riders.  
7.30

**TSW:**

12.30 The South West Week. 1.05 TSW News.  
1.55 The Great British Game Show. 2.00 The Youngs and  
TSG's 3.15 Gus Honeybun's Cartoontime.  
4.00

**TSF:**

12.30 Backstages. 1.05 TSV News. 1.55 The  
Life and Times of Grizzly Adams. 2.55 World  
and Sports Center. 3.00 Team. 5.05 TVS News. 5.15  
Cartoon Time.

**TYMS NEWS:**

12.30 News Today. 1.06 Regional News.  
1.55 Mactack. 2.55 Doctor at Large. (1957) 6.00  
Northern Life Special. 5.15 Cartoon Time.

**ULSTER:**

12.30 Dinosaurs. 1.55 Sportsline of Winding  
Road. 2.55 News and Sport 9.00 Ulster News-  
time 11.30 Paternity. (1981)

**WAVE:**

12.30 Katts and Dog. 1.05 Calendar News. 1.55  
The A-Team. 2.50 Britain: The Movie. 6.00  
The A-Team. 7.00 The A-Team. 11.25  
Cartoon Time.

**S&C WAVE AS CHANNEL 10KSPOT:**

12.30 Paternity. 3.00 The Time Tunnel. 3.00 A  
Brush with Art. 11.30 Same Difference. 12.00  
Travelogue. 6.00 The News Year. 7.00 News  
Year. 8.00 The News Year. 9.00 The News Year. 10.00  
Margaret Williams. 8.45 Desmond's. 9.15 Do  
the Right Thing. 10.00 The News Year. 10.30 The  
Blackboard Jungle.

## CHANNEL 4

**ITV REGIONS AS LONDON EXCEPT  
AT THE FOLLOWING TIMES:-  
AROLIA:  
12.30 Goals Galore. 12.55 Anglia News. 2.00**

[illegible]

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**Faith.** 6.15 Music With Matthew. 8.00 News; Sunday Reviews. 9.00 Faith.  
**Theatre.** 8.30 The Best of Britain. 9.45 Sports Roundup.  
10.00 News; Science in Action.  
10.30 Cenotaph Service For Remembrance Day. 11.30 News.  
12.00 London Live.  
11.45 Miscellaneous. 12.00 News.  
12.45 Play of the Week. Dark Star. 1.00 Colour. 2.00 News. 2.15 Colour. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall.  
4.00 News. 4.15 About Britain. 4.35 BBC English. 4.50 News in German.  
4.40 German Features. 5.00 News and Business Review. 5.15 Sport. 5.30 Golf. 6.14 BBC English. 6.20 News; News in German. 6.40 German Features. 6.50 News in German. 8.00 News and Business Review. 8.15 London Derriere. 8.30 Foreign Topics. 8.45 Newsweek. 10.00 News. Folk in Britain.  
10.20 Meridian. 10.50 Sports Review. 11.00 News.  
11.30 News. 11.45 Letter from America. 11.50 Colour. 12.00 Newsweek.

the rare endgame of king, two knights and bishop against king and rook. He manoeuvred for 50 moves to drive Kaspárov's king to the corner, but the champion then sacrificed this rook for a stalemate draw.

Short won the match without game, a blend of strategy and tactics to leave Gata Kamsky movebound. (N Short, 1991; G Kamsky, Black; Sicilian Defence, Tilburg 1991).

1 e4 e5 2 N3 e6 3 d4 e4 4 d4 a5 5 Ke2 Kxe2 6 N3 Nf6 7 Nf3 Nxe4 8 Nxe4 Nf6 9 Nf3 Nxe4 10 Nxe4 Nf6 11 Nf3 Nxe4 12 Nxe4 Nf6 13 Nf3 Nxe4 14 Nxe4 Nf6 15 Nf3 Nxe4 16 Nxe4 Nf6 17 Nf3 Nxe4 18 Nxe4 Nf6 19 Nf3 Nxe4 20 Nxe4 Nf6 21 Nf3 Nxe4 22 Nxe4 Nf6 23 Nf3 Nxe4 24 Nxe4 Nf6 25 Nf3 Nxe4 26 Nxe4 Nf6 27 Nf3 Nxe4 28 Nxe4 Nf6 29 Nf3 Nxe4 30 Nxe4 Nf6 31 Nf3 Nxe4 32 Nxe4 Nf6 33 Nf3 Nxe4 34 Nxe4 Nf6 35 Nf3 Nxe4 36 Nxe4 Nf6 37 Nf3 Nxe4 38 Nxe4 Nf6 39 Nf3 Nxe4 40 Nxe4 Nf6 41 Nf3 Nxe4 42 Nxe4 Nf6 43 Nf3 Nxe4 44 Nxe4 Nf6 45 Nf3 Nxe4 46 Nxe4 Nf6 47 Nf3 Nxe4 48 Nxe4 Nf6 49 Nf3 Nxe4 50 Nxe4 Nf6 51 Nf3 Nxe4 52 Nxe4 Nf6 53 Nf3 Nxe4 54 Nxe4 Nf6 55 Nf3 Nxe4 56 Nxe4 Nf6 57 Nf3 Nxe4 58 Nxe4 Nf6 59 Nf3 Nxe4 60 Nxe4 Nf6 61 Nf3 Nxe4 62 Nxe4 Nf6 63 Nf3 Nxe4 64 Nxe4 Nf6 65 Nf3 Nxe4 66 Nxe4 Nf6 67 Nf3 Nxe4 68 Nxe4 Nf6 69 Nf3 Nxe4 70 Nxe4 Nf6 71 Nf3 Nxe4 72 Nxe4 Nf6 73 Nf3 Nxe4 74 Nxe4 Nf6 75 Nf3 Nxe4 76 Nxe4 Nf6 77 Nf3 Nxe4 78 Nxe4 Nf6 79 Nf3 Nxe4 80 Nxe4 Nf6 81 Nf3 Nxe4 82 Nxe4 Nf6 83 Nf3 Nxe4 84 Nxe4 Nf6 85 Nf3 Nxe4 86 Nxe4 Nf6 87 Nf3 Nxe4 88 Nxe4 Nf6 89 Nf3 Nxe4 90 Nxe4 Nf6 91 Nf3 Nxe4 92 Nxe4 Nf6 93 Nf3 Nxe4 94 Nxe4 Nf6 95 Nf3 Nxe4 96 Nxe4 Nf6 97 Nf3 Nxe4 98 Nxe4 Nf6 99 Nf3 Nxe4 100 Nxe4 Nf6

White mates in two moves (GJ Slater, 1882).

*Solution Page XVI*

**Leonard Barden**

## BRIDGE

OLDAY's hand comes from the qualifying round of the Venice Cup, in which the US was playing India:

N  
♠ K 10 9 2  
♥ A K 10 7 2  
♦  
♣ K Q 9 4

W                      E  
♠ 5 3                      ♠ 8 4  
♥ Q J 8 6 4                ♥ 5 3  
♦ A K J 9 8 5              ♦ 10 7 6 5  
♣ ♠                      ♣ 8 6 7

S  
♠ A K 7 6  
♥ 10 6 3 2  
♦ A 10 5 3 2  
♣

East dealt with East-West vulnerable, and passed. South began the bidding with one club, West overcalled with one diamond, North replied one heart, South rebid two spades, North closed again with two diamonds, and North made a splinter bid of four diamonds. South said four hearts to show her void, North bid five diamonds, South said sixes and North closed with seven clubs. West opened with diamond

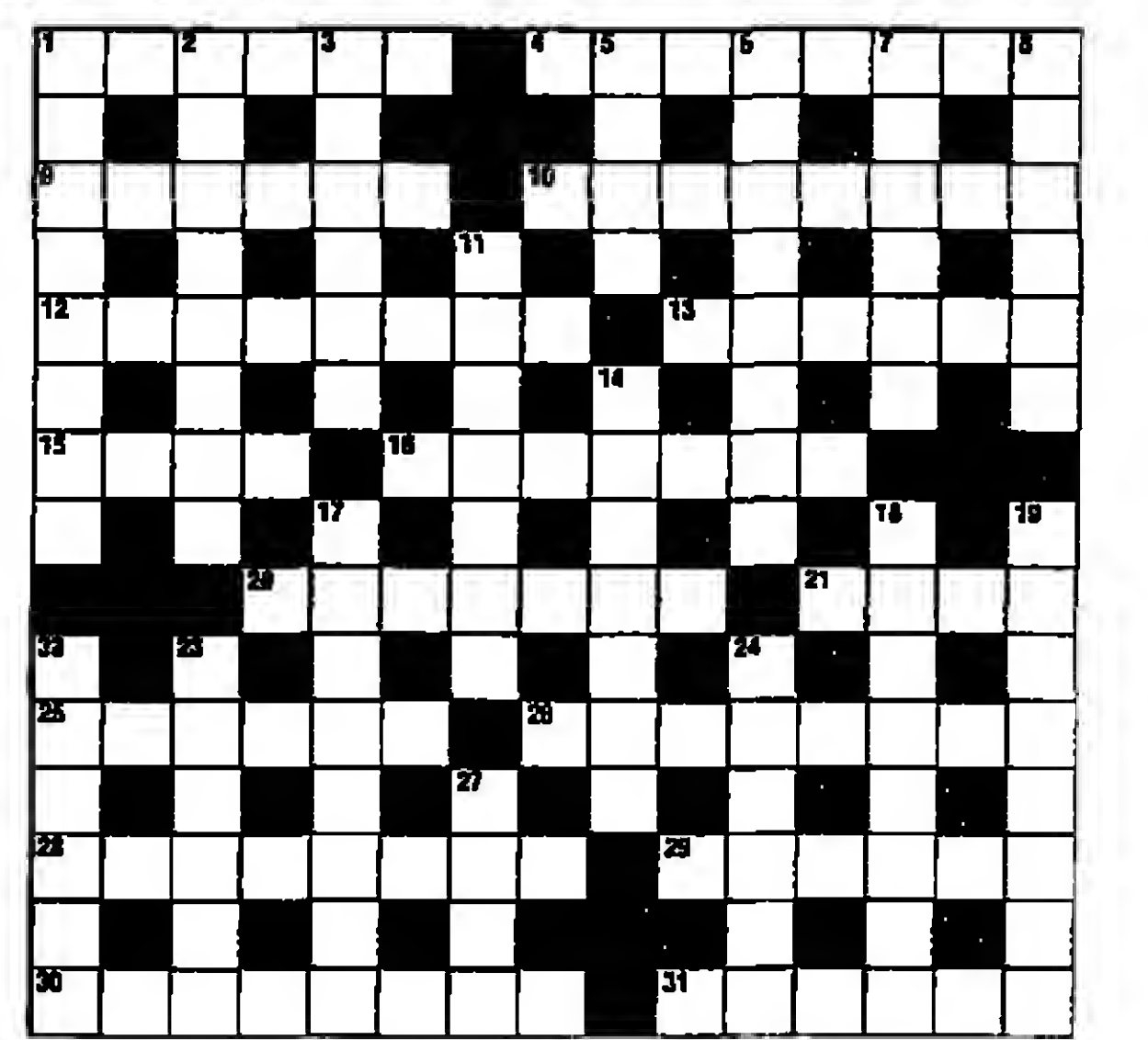
king, ruffed by dummy's four of clubs, and the declarer cashed the king of clubs to learn of the cruel 4-0 break. Now she cashed ace and king of hearts, discarding from hand two diamonds, but club diamond and the six of spades. This was a key play. Ruffing a heart in hand, she cashed ace, king, queen of spades. Now she led a heart. If East, holding Q7 of hearts, discarded, South, holding 106 of diamonds and A105 of clubs, ruffs with the five of clubs, and gets home on a crossruff; but East ruffed, and South overruffed with the 10, ruffed a diamond with the nine of clubs, and returned another heart. East ruffed, South overruffed with the ace, and crossed to dummy's club queen to score that carefully preserved spade trick for the vital 13th.

Brilliantly played — a perfectly timed elopement. The declarer deserves an Oscar for one of the best played hands I have seen for many a long day.

**E.P.C. Cooter**

## CROSSWORD

No. 7,694 Set by CINEPHILE  
Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday November 20, marked Crossword 7,694 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 23.



name \_\_\_\_\_  
address \_\_\_\_\_  
\_\_\_\_\_

**ACROSS**

1, 4 Happy ending to Impasse: a model (exciting one) 's underwear in bed (6,8)  
9 Rumour about wine (6)  
10 Painter, pupil and prophet (6)  
12 Parverse Bantu female goes

22 Flower upset when meat's brought in (6)  
23 Over-enthusiastic shooter wounded hog (4,2)  
24 27 Something to wash with? Soap? It should be light (6,4)  
Solving to Puzzle No 609

outside to get browner (8)

13 Running away to adorn part of carrier (10,4)

14 Girl of the month taking a turn on first basis? (7)

21 Maybe late for late in Come (7,4)

25 Have feeling about a joint (8)

28 Stick high pressure in obliquely (8)

32 Wages of little account aiming badly (8)

39 One who is green as opposed to one that's put in a lot of energy (6)

43 So Long for a man? Cough the Queen to, at last? (8,6)

**DOWN**

1 Left bank - of the canal, do we hear? (4,4)

2 Oriental shrub goes quietly on in motherless Caribbean island (8)

3 Weapon on board (8)

5 Way of putting article in a measure (4)

6 Wave, almost excessive, after (8)

7 Schmeer gets some to come out (6)

8 Priest may be unworshiply character (6)

11, 14 The shot hung us out of circulation (14)

17 Fiers coming up with small cutter, say? That's absurd (8)

28 Finding food for increasing years (8)

31 Ancient biographer of Ralph, TUC revolutionary (8)

Continued on Page No. 7, 1988

S	H	A	P	E	D	D	O	N	A	T	I	O	N
T	Y	P	C	P	N	R	O						
N	A	T	I	O	N								
R	A	T	I	O	N								
A	W	A	Y	S	T	R	A	N	G	L	E	R	
K	C	R	L	T	O	E							
E	X	T	R	E	M	E	R	E	S	T	E		
A	D	O	R	E	D	P	A	S	S	A	G	E	
S	R	E	R	T	L	P							
P	R	O	P	A	G	A	T	O	R	E			
S	T	R	A	N	G	L	E	R					
L	I	V	I	N	G	I	M	P	O	R	T	A	
A	N	E	N	T	A	T	E						
D	R	E	S	S	A	G	E						

Solution and winners of  
Puzzle No.7,583

P	O	P	I	N	A	T	I	O	N				
E	A	A	D	O									
S	E	L	F	A	D	O							
T	A	A	I	S	T	L	O						
L	I	N	E	D	S	U	C	C	U	L	E	N	
E	O												
O	L	I	N	G	M	E	S	S	A	G	E		
B	A	N	N	O	C	K							
S	G	N	U	E	M								
T	R	A	N	S	P	O	R	T					
A	L	P	W	C	E	A	S						
G	A	S	A	N	S	D	E	V	I	L			
E	R	M	I	N	E								

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M. O'Connell, St Yves, Cambis;  
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